Based on the authority granted on the Fifth Part of Law No. 43/2015 “On Power Sector”, Energy Regulator Authority (“ERE”) grants this Generation License (“the License”), to perform electricity generation activity (PEE), and/or to accomplish public/universal service obligation, to the above-mentioned Person, hereinafter “Licensee”, subject to this License Conditions and the conditions defined on ERE Board Decision. This License enters into force on the date written above and will continue to be effective for a period of ______________, unless terminated or suspended by ERE in conformity with the herein License Conditions.

ERE CHAIRMAN
REPUBLIC OF ALBANIA
ENERGY REGULATOR AUTHORITY

LICENSE CONDITIONS
FOR
ELECTRICITY GENERATION

License Number: ____________________________

Series: ____________________________

Issued: (full name of the licensee)
____________________________

1.1 ERE is the only authority in the Republic of Albania recognized under Fifth Part, of Law No. 43/2015 “On Power Sector”, to issue and declare the effectiveness of this License.

1.2 If any of this License condition becomes null or void, this condition will be removed from the License Conditions and the remaining License Conditions shall continue to be completely effective.

1.3 The assets of the licensee with installed capacity over 1MW, or when the assets required to be transferred, exceed 150.000.000 ALL value is required the approval by ERE.

1.4 ERE has the exclusive right to modify this license, if the conditions and circumstances are changed and to comply with provisions of any Grid Code, Distribution Code, Meter Code and Market Rules approved by ERE pursuant to the legislation into force.

1.5 At any time, the Licensee shall hold only one license for Electricity Generation.

1.6 In this License including the License Conditions and its Annexes except when the context requires otherwise the terms used shall have the meanings according to Law No. 43/2015 “On Power Sector as follows:

<table>
<thead>
<tr>
<th>Ancillary Services</th>
<th>Are the necessary services for stable operation of transmission and distribution system.</th>
</tr>
</thead>
</table>
| Associated Business | Is any other business that directly or indirectly, fully or partially:  
  1. is owned by the Licensee; or  
  2. owns the Licensee; or  
  3. is in the ownership of a Person, which is owned by the Licensee. |
<p>| Cross -Subsidies    | Funds transferring or costs allocation within the Licensee accounts or among Associated Businesses for financial support of any activity or business with the the other one expenses. |
| Electricity Supply  | Means the electricity sale, including the resale to the customers. |
| ERE                | “ERE” shall mean Energy Regulator Authority, the regulatory institution of power and natural gas sector, that operates in conformity with Law No. 43/2015 “On Power Sector” and Law no. 102/2015, “On Natural Gas Sector”. |
| <strong>Force Majeure</strong> | Is an act or natural, social event such as earthquakes, lightenings, cyclones, floods, volcanic eruptions, fires or wars, armed conflicts, insurrections, terroristic or military acts which prevent the licensee to perform his obligations according to the license, as well as other acts or events beyond the reasonable control and that have not been the fault of the licensee and the licensee was unable to avoid such an act or event by exercising his reasonable will, efforts, skills and care. |
| <strong>Generation</strong> | Means the electricity generation from primary energy resources. |
| <strong>Generation Unit</strong> | Individual units and/or the main equipments of the plant/plants owned by the Licensee for electricity generation as fully described on Annex A. |
| <strong>Legislation in Force</strong> | Republic of Albania Laws approved by the Albanian Parliament, and other secondary laws approved by ERE or other bodies charged by the law. |
| <strong>License</strong> | Is a right issued to a person to perform an activity on power sector in conformity with the provisions of law no. 43/2015, “On Power Sector”. |
| <strong>Licensee</strong> | Means the Person that holds this Electricity Generation License mentioned on the cover page of this License. |
| <strong>Person</strong> | Person shall mean any legal person established in conformity with the legislation in force. |
| <strong>Power Plant</strong> | Is a set of certain buildings and plants, with basic destination the electricity generation. |
| <strong>Power System</strong> | Means an interconnected system, composed of electricity plants, electricity lines, substations and transmission as well as distribution equipments, to transmit or distribute electricity for the customers. |
| <strong>Regulated Tariffs</strong> | A tariff, approved by ERE according to the Legislation in Force. |
| <strong>Regulations and Rules</strong> | The standards, codes, regulations, orders and other recommendations approved by ERE. |
| <strong>Transfer</strong> | Transfer shall mean any sale, lease, or any other disposes, full or partial to be engaged in the Licensed Activity or of the assets that serve for the licensed activity. |</p>
<table>
<thead>
<tr>
<th><strong>Transmission System Operator (TSO)</strong></th>
<th>Means the legal person, responsible for the operation, maintenance and development of the transmission system, including the interconnections with other cross-border systems, to ensure the long term ability of the system to complete the reasonable requests of electricity transmission.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distribution System Operator</strong></td>
<td>Means a legal person, responsible for the secure, reliable and effective operation, providing the maintenance and development of the distribution system, expanded in a specific area and when applicable its connections with the other systems to ensure the longterm ability of the system to comply with the reasonable requirements for electricity distribution, in harmony with the environment and energy efficiency.</td>
</tr>
<tr>
<td><strong>Public Service</strong></td>
<td>Means the service ensured by the licensee that operates on power sector, related with the security and quality of supply, regulated prices on power sector, electricity efficiency, energy from renewable resources, environment protection, which fulfillment does not violate competition, except when necessary to ensure the public service in question.</td>
</tr>
</tbody>
</table>

### 2. Performing the Licensed Activity

2.1 The Licensee is authorized by this License to perform the Licensed Activity at the power plants that use the Generation Units specified in Annex A. The Licensee, at any time and any aspect of his Licensed Activity, shall produce Electricity in conformity with the standards approved in the legislation in force.

2.2 The Licensee shall immediately inform ERE for any change in the installed capacity of each of Generation Units or power plants identified in Annex A which increase or decrease the generation capacity available from the Licensee.

2.3 Any increase of the installed capacity, that exceeds 10% of the capacity amount identified in Annex A, shall require an amendment of this license.

2.4 In the circumstances defined on article 36 Law no. 43/2015 and in order to promote competition in the electricity market, ERE according to the rules set from the Council of Ministers may limit, from time to time, the total generating capacity authorized by the present License.

2.5 Not later than 30 days from issuing this license, the Licensee shall ensure the people’s life and health as well as the assets that serve for performing the activity in conformity with the Legislation in Force.
2.6 The Licensee, shall not impede, prevent, or attempt to prevent other licensees or potential competitors to lawfully engage or enter in one of the Power Sector activities in the Republic of Albania.

2.7 The licensee shall not engage in Cross-Subsidies. The Licensee shall unbundle his financial accounts according to the activities that he performs in conformity with the provisions of article 35 Law 43/2015 “On Power Sector”.

2.8 The Licensee shall not engage in any form of monopoly activity prohibited by the Legislation into Force or the regulations and rules approved by ERE.

2.9 The Licensee shall perform the Licensed Activity in conformity with economic efficiency principles and the objective to achieve lowest costs.

2.10 The Licensee shall inform ERE before beginning any activity different from the one that he is licensed. ERE has the right to interrupt the performance of any other activity different from the licensed one when it considers reasonable.

2.11 The Licensee shall not engage in other activities that impede or may impede the proper performance of the Licensed Activity.

2.12 The licensee shall inform ERE before undertaking any activity, despite the Licensed Activity. ERE may take the measures regarding the Licensee if he performs any activity prohibited by ERE, despite the Licensed Activity. The cases in which ERE may prevent the performance of any other activity where the purpose is people’s health protection or other Force Majeure nature cases.

3. Obligations of the Licensee

The Licensee shall implement the Legislation in Force and public service obligations defined in conformity with Law No. 43/2015 “On Power Sector”.

3.1 Registration

The licensee shall be registered as a participant of the albanian electricity market at the Market Operator under the registration procedures and shall implement the provisions of Council of Ministers Decision no.244 of date 30.03.2016, the Albanian Electricity Market Rules and the secondary laws approved by ERE for this purpose.

3.2 Accounting and Reporting

3.2.1 The Licensee shall keep accounting records and prepare the financial statements in conformity with the legislation in force and international accounting standards. The Licensee shall submit at ERE the annual financial statements together with the audit reports within June 30 of each year.

3.2.2 The Licensee shall report every month at ERE on the generated electricity during one month, the working hours, encountered problems during operation. The Licensee is required to prepare and submit at ERE within January 31 of each year, an annual report relating to its operations during the previous calendar year and contains the following information:
1. a summary and analysis of the Licensee’s activities;
2. electricity generation during the year;
3. generation quality and details of any measure taken to improve the generation quality;
4. any malfunctioning occurring during the year;
5. details on any change made in Generation Assets, including details of any element that has been expanded, set out of use or replaced during the year,

3.2.3 If the Licensee foresees an emergency situation as defined by the Legislation in Force, the Licensee shall inform ERE without delay and such notice shall describe what measures shall be taken by the Licensee to prevent or improve the impacts of the emergency situation in electricity generation.

3.2.4 The Licensee shall allocate common expenses among its Licensed Activity and other activities (including even the licensed ones). The Licensee shall submit at ERE the documentation that shows the basis for allocating common expenses.

3.2.5 The Licensee shall inform ERE within 10 days for any change of the:
   a) address;
   b) the Licensee’s statute;
   c) registration certificate;
   d) respective identification number of the taxable person (NUIS);
   e) senior management;

3.2.6 All the official notifications, applications, petitions, declarations or other correspondences with ERE regarding the obligations under this License should be in the written form, duly executed by an authorized officer or designated representative of the Licensee or ERE. They are sent by courier or registered mail, requiring a verification receipt. The addresses of the Parties should be on the envelope. All the notifications or other correspondences shall be considered effective from the delivery moment, or if they are not delivered due to the sender’s fault, from the moment when they are presented. There will be considered accepted all the notifications sent by official e-mail communicated before from the parties.

3.3 Information Use

3.3.1 The Licensee shall ensure that any information received from others as result of its Licensed Activity shall not be revealed to anyone, except the cases when:
   a) it is given the prior written consent of the Person to whom the information is related;
   b) the information is public;
   c) the Licensee is required or permitted to disclose the information complying these License Conditions according to ERE order, or any applicable legal provision.

3.3.2 The Licensee shall ensure that any Associated Business shall not use any information owned by the Licensee to obtain an unjustified competitive advantage, and shall ensure that he shall not disclose any information to any other Person (including those of another Associated Business) that could enable this Person to obtain any kind of unjustified commercial advantage.

3.3.3 Information sent to ERE by the Licensee shall be considered public despite the cases when, upon specific request of the Licensee, ERE by formal decision, ascertains that this information is of ownership nature and that its disclosure does not serve to the public interest.
3.3.4 The Licensee shall implement the Codes, Regulations and other Rules approved by ERE as well as the rules of TSO operation and usage, including the execution of all operational orders, instructions or guidelines and the submission of the technical information and all other required documentation by TSO or DSO.

3.4 Obligations to the Transmission System Operator

3.4.1 The Licensee shall provide the Ancillary Services according to the agreements connected with the Transmission System Operator in conformity with the legislation into force.

3.4.2 Electricity sale-purchase agreements with regulated prices shall comply with the standard contracts approved by ERE.

3.5 Increase or Decrease of Generating Capacity.

3.5.1 The Licensee shall inform ERE and the Transmission System Operator on the partial/full reduction of the generated capacity, at least one year prior to its implementation by submitting a detailed explanation for this purpose. ERE may exclude the Licensee from this obligation when the generation capacity reduction is caused by a Force Majeure.

3.5.2 The disagreement between the Licensee and another licensee that has to do with a situation within ERE jurisdiction, that may not be resolved through the parties negotiations, shall be settled by ERE after hearing the parties, within the scope of ERE authority and in conformity with ERE Regulations and Rules.

3.6 Regulatory Payments

3.6.1 The Licensee shall regularly pay the regulatory payment as determined by ERE during the term of this License in conformity with Law No. 43/2015 article 17 “On Power Sector”.
3.6.2 If the Licensee does not pay ERE regulatory payments in conformity with paragraph 3.10.1, within the deadline defined in Law no. 43/2015 “On Power Sector” the Licensee shall be penalized in conformity with Article 107, of the same Law.

4. Control on the Performance of the Licensed Activity

4.1 ERE shall monitor the implementation of the License Conditions by the Licensee, shall review the reports obtained from the Licensee and at any time may monitor the Licensee’s accounting records and require a technical and/or accounting audit of his activities.

4.2 ERE authorized representatives have the right to monitor the Licensee’s premises, his equipments and documentation to verify the compliance of the Licensed Activity performance with the license conditions and the secondary legislation in force. The licensee shall provide any required actions to ensure ERE monitoring after the notification.

4.3 Upon the complaint of any third party or based on ERE proposal, this last one mentioned may initiate an investigation on the implementation from the Licensee of the License conditions or the secondary laws in conformity with ERE authority on the power sector.

4.4 The Licensee shall inform ERE by providing the argumentations and explanations of any violation of this License Conditions within 7 working days from the moment when this violation is informed to the Licensee.

4.5 If after the investigation, ERE concludes that the Licensee has failed to implement the License Conditions, ERE may revice the Licensee’s tariffs and contracts and/or take other actions within its authority scope to protect the electricity customers interests.

4.6 The licensee shall comply to the decisions taken by ERE, including the fines payment imposed by ERE, in conformity with the Legislation into Force.

5. License Amendment

5.1. ERE may amend the License Conditions in the cases as follows:

a) on ERE initiative;

b) according to a final court decision,

c) when the conditions of the concession contract change

d) on the request of the licensee

ERE takes into consideration the expected impacts that the initiated or proposed modifications bring to the obligations that the has in conformity with Law no.43/2015 and his license conditions as well as the Regulation for the Procedures of Licensing, Modification, Transferring, Renewal and License Termination on Power Sector.
5.2. Before approving the license modification, ERE publishes the proposed modifications and reviews the possible observations and complaints, submitted by the interested parties regarding this process.

6. **License Termination**

6.1 ERE may terminate a license when the licensee:

a) fails to meet the essential conditions of the given license;
b) violates the provisions for environmental protection during the performance of his activity;
c) endangers the citizens life, health and property;
c) does not make the regulatory payment imposed by ERE,
d) becomes financially uncahile or requires to declare bankruptcy;
dh) on the request of the licensee;
e) has ceased to perform the certain functions according to the license.

6.2 If the Licensee changes his legal status or if the shareholder/partner that controls the licensee’s interest is changed without ERE authorization, the License becomes null (void) and is cancelled and the Licensee’s successor shall apply for a new license in conformity with ERE procedures to issue a license.

a) This license can be transferred only with ERE written decision and according to the terms and conditions set by ERE. Any ERE decision for this License transferring will be subject of ERE discretion if the person to whom the license will be transferred will have the technical and financial ability to meet the terms and conditions of this License.
b) Any transfer of this License without ERE approval shall be canceled and will constitute a violation of this License. When the License terminates due to the violations from the Licensee of the License conditions, the Licensee will be responsible for the costs that he bring to ERE, and to the market participants as the result of this termination, as defined by ERE, including the costs regarding the License regular transferring at the new Licensee.
c) When ERE determines that the Licensee has violated one or more License conditions, to the Licensee is given a reasonable opportunity to correct this violation before the License termination. Except of the cases when from competente bodies are observed corruptive violations.

7. **Settling the Disputes and the Right to Appeal**

7.1 Any discussed issue or request between the Licensee and any Transmission System User connected to the Dispatch Activity or the License conditions shall be settled with as much understanding as possible.
7.2 If the solution is not reached with understanding, then ERE based on the request of one party in the dispute parties shall resolve this dispute and issue its decision in conformity with the Legislation into Force.

7.3 Any party in dispute may appeal for ERE decisions at Tirana Administrative Court within 30 calendar days from the day the decision is published in the Official Gazette.

7.4 The licensed companies shall implement ERE decision, up to final court decision.

Series:

License Number:

Republic of Albania

Energy Regulator Authority

LICENCE
FOR
ELECTRICITY GENERATION

License issued to:

Effective date of this Annex:
<table>
<thead>
<tr>
<th>Plant</th>
<th>Unit Number</th>
<th>Installed Capacity</th>
<th>Date when it is Set into Service</th>
</tr>
</thead>
</table>