CHAPTER I - GENERAL PROVISIONS

Article 1

(The authority)

These rules are drafted pursuant to Law no. 43/2015 articles 3, point 8, 54, 58 and 59, "On Power Sector", Energy Community Treaty ratified by Law no. 9051, of April.03.2006, "Rules for ERE Organization and Functioning" and in accordance with Directive 2009/72-EC and EC Regulation No. 741/2009.

Article 2

(The purpose)

The purpose of this regulation is to ensure a transparent, full, reliable and coherent Certification process to any eventual change, and which guarantees compliance with the conditions ensuring the independence and unbundling of the Transmission System Operator, and which guarantees complete unbundling from other activities in Electricity and Gas sector pursuant to Law No. 43/2015, "On Power Sector", concerning the development of the electricity sector in accordance with the recommendations of the Third Package of EU legislation, ensuring the oversight role of ERE on the activities of Transmission System Operator for Electricity.
Article 3
(The object and Regulatory scope for the Regulator)

(1) The Regulation on the Certification of Transmission System Operator for Electricity (hereinafter - “the Regulation”) establishes procedural requirements for the certification of the transmission system operator for electricity in Albania, including the terms and conditions for the submission of documents, data and information, which show the fulfillment of conditions according to article 54 of Law No.43/2015, “On Power Sector” as required from the certification procedures, of the Energy Regulatory Authority (hereinafter - “ERE”).

(2) The Regulation sets a list of documents, data and information to be submitted by an energy undertaking which applied to be appointed and designated as the transmission system operator in Albania.

(3) The licensing for the electricity transmission system operator activities shall be regulated by the Rules and requirements for granting, modification, transfer, renewal and withdrawal of licenses in Power sector adopted by ERE.

Article 4
(Application and interpretation of the regulation)

(1) The Regulation shall be applied to the authorized Transmission System Operator for Electricity or to any undertaking, which applies for its appointment and designation as the Transmission System Operator for Electricity.

(2) Proper application of the Regulation shall be ensured, monitored and supervised by ERE.

(3) These rules will be applied for the certification of Transmission System Operator, and to reassess the validity of certification in terms of eventual possible changes to control the Transmission System Operator.


Article 5
(The Terms and Definitions)

(1) All terms used in the Regulation shall be understood and interpreted so as defined by Article 3 of Law no. 43/2015, "On Power Sector" other applicable laws and other regulations approved by ERE.
(2) Any term used in these regulations for which there is no definition according to the above point shall be interpreted in the context of the Law No.43/2015, "On Power Sector".

CHAPTER II – OBLIGATIONS FOR THE CERTIFICATION OF THE TRANSMISSION SYSTEM OPERATOR FOR ELECTRICITY

Article 6

(Obligation for the certification)

(1) Before an undertaking is approved and designated as Transmission System Operator for electricity by issuance of the appropriate license under the terms and conditions provided in Law No.43/2015, "On Power Sector" and the “Rules and requirements for granting, modification, transfer, renewal and withdrawal of licenses in the Power Sector”, approved by ERE, must be certified by ERE.

(2) “The Rules and requirements for granting, modification, transfer renewal and withdrawal of licenses in the Power Sector” are approved in conformity with the procedure provided in Law 43/2015 and the “Regulation for ERE Organization, Operation and Procedures”.

(3) Obligation defined in paragraph (1) of this Article shall be applied to:
   a) the transmission system operator for electricity, which was authorized for such activities before the Law No.43 / 2015, "On Power Sector" entered into force and subsequently applies for its appointment and designation following full implementation of the unbundling requirements according to Law no.43/2015 article 54, "On Power Sector"; or
   b) the undertaking, which meets the qualification and unbundling requirements for the transmission system operator for electricity and, therefore, applies for its appointment and designation, or
   c) the undertaking in charge of a new infrastructure for the transmission of electricity which was exempted from the ownership unbundling within the meaning of Law no.43/2015 article 32, "On Power Sector".

(4) Unbundling of the Transmission System Operator for electricity shall be implemented under the terms and conditions defined in Law 43/2015 and, where relevant, according to other applicable laws and regulations.

Article 7

(Application for the certification)

(1) An undertaking referred to in paragraph (3) Article 6 of the Regulation (hereinafter – “the applying undertaking”), following the implementation of all requirements for the unbundling of the transmission system operator for electricity, shall notify ERE in written form and shall submit:
   a) Written application for the certification of the transmission system operator for electricity;
   b) Documents, data and information listed in Chapter III of the Regulation; and
   c) filled questionnaire for the certification of the transmission system operator for electricity, according to the model provided in the Annex to the Regulation, except in cases where the applying undertaking is the exempted TSO in the
meaning of Law 43/2015 article 32, which exemption decision envisages an unbundling model not defined in the Law, and the questionnaire will be drawn up by ERE in collaboration with the Secretariat.

(2) Application for the certification as transmission system operator for electricity shall be submitted, as well as relevant certification procedures shall be performed independently from the licensing of the transmission system operator for electricity.

(3) Transmission System Operator for Electricity that requires to be certified in terms of the Law No.43/2015, "On Power Sector" submits to ERE a written specific request, including all the information required from legislation in force and those required by this regulation.

(4) Certification of the Transmission System Operator for Electricity is performed only once or otherwise reviewed in conformity with the provisions of Law 43/2015 article 58/9, "On Power Sector".

Article 8

(Criteria for certification)

(1) The following criteria will guide ERE decision making process for certification in order to guarantee the unbundling of activities under the provisions of Law No.43/2015, "On Power Sector", Directive 2009/72-EC and EC Regulation 741/2009 providing an independent, Transmission System Operator for Electricity that guarantees the security of supply while meeting all functional and international obligations and in relation to the ENTSO-E.
ERE shall exercise the regulatory authority in the most appropriate and practical way, referring to Law 43/2015 article 54 “On Power Sector” and the criteria that must be met by the applicant to enable decision-making and certification consist as follows:

a) The legal entity that has ownership of the Transmission System Operator for electricity should not have the right to control directly or indirectly the generation, distribution, supply activities or vice versa;
b) The legal entity that owns the Transmission System Operator for Electricity does not appoints, controls or is a member of the board or management structures in the generation, distribution, supply activities or vice versa, as well as does not have the right to vote or the right of the majority of shares;
c) The confidentiality of commercial information that Transmission System Operator for Electricity owns and non-transfer of Transmission System Operator for Electricity staff to enterprises / entrepreneurs of generation or supply is guaranteed;
d) Having available the necessary financial resources, technical, physical and human resources to carry out Transmission System Operator for Electricity activities;
e) Commitment of the Transmission System Operator for Electricity to fulfill a 10-year development plan of the network, monitored and approved by the regulator;
f) The ability of the Transmission System Operator for Electricity to fulfill the obligations laid down in Regulation (EC) No. 714/2009;
g) The authorities of the Transmission System Operator for Electricity on granting and managing third-party access, as well as operation, maintenance and development of the system in order to meet long-term demand through investment planning, construction and commissioning of infrastructure including authorization procedure;
h) Support and information from the owner of the Transmission System Operator for Electricity to fulfill the tasks; financing or approval of investment funding approved by the regulator; liability coverage for network assets; providing the guarantees to facilitate / enable the financing of network expansion;
i) Having the assets required in the ownership of the Transmission System Operator for Electricity, equipment, staff and commercial identity (brand) clear and distinguished from other operators;
j) Legal forms specified in Article 1 of Directive 68/151 / EEC and the national legal framework in force;
k) Organization according to the legal form defined in article 1 Directive 68/151/EEC and the legal framework in force.
l) IT systems, buildings where the activity is exercised by the Transmission System Operator for Electricity or security and access systems cannot be used together with enterprise of generating or vertically integrated supply undertakings or to contract the same provider of these services;
m) The financial auditor of the Transmission System Operator for Electricity may not be the same entity that carries out the audit of enterprises/entrepreneurs of generation or vertically integrated supply;
n) Configuration and powers of the Supervisory Board;
o) Ensuring the independence of the Transmission System Operator for Electricity in taking the decisions regarding the completion of its obligations and the power to raise funds through borrowing on the capital market;
p) The independence of the management and staff of the Transmission System Operator for Electricity based on the powers of the Supervisory Board of the Transmission System Operator for Electricity in relation to recruitment,
compensation and termination of the agreements for the top managers or the administration after informing the regulator on procedures governing the above issues and if the regulator has not submitted any objection;
q) Exclusion of the Transmission System Operator for Electricity staff from the right of financial benefits directly or indirectly from vertically integrated companies;
r) Compliance program and monitoring of the Transmission System Operator for Electricity through a communication line and regulatory approval;
s) Decision making powers of the Transmission System Operator for Electricity for the connection of generators to the system under procedures approved by the regulator.

CHAPTER III – SUBMISSION OF DOCUMENTS, DATA AND INFORMATION

Article 9

(List of documents, data and information)

(1) The applying undertaking, together with a written application for the certification as Transmission System Operator for Electricity, shall submit to ERE the following documents, data and information:
a) Certified copies of the documents of its incorporation and registration;
b) the list of licenses, permits and/or other authorizations obtained by the applying undertaking for activities in the Power Sector in Albania and/or other countries, and certified copies of such licenses, permits and/or other authorizations;
c) the list of its shareholders having at least [1/3] of the total shares and/or votes in the general meeting of the applying undertaking, also clearly indicating the shares and votes possessed by each of such shareholders;
d) the list of its shareholders from third countries, as the case may be, having at least 5% of the total shares and/or votes in the general meeting of the applying undertaking, also clearly indicating the shares and votes possessed by each of such shareholders;
e) The list of its shareholders having no voting rights, where relevant;
f) the list of energy undertakings, which are under direct or indirect control by the applying undertaking, also clearly indicating the way of controlling and respective rights possessed by the applying undertaking;
g) the list of energy undertakings, if this is not clearly submitted in the list of the shareholders, which have a direct or indirect control of the applying undertaking, indicating clearly the way of and their respective rights;
h) The list of other related energy undertakings (e.g. related group companies), clearly indicating the relations with the applying undertaking and the mutual cooperation level;
i) the list of licenses, permits and/or other authorizations obtained by power sector activities, as referred to in subparagraphs f), g) and h) of this paragraph, for power sector activities in Albania and/or other countries, and certified copies of such licenses, permits and/or other authorizations;
j) The copy of its shareholders’ agreement or written approval by the administrator (head manager) of the applying undertaking that such agreement has not been concluded;
k) copies of internal acts regulating work organization of the collegial corporate bodies (supervisory board and/or management board) of the applying undertaking, if such acts are adopted;
l) The list of members of the collegial corporate bodies (supervisory board and/or management board) of the applying undertaking and of energy undertakings referred to in subparagraphs f), g) and h) of this paragraph;
m) General meeting decision of the applying undertaking (including the voting data), by which members of its collegial corporate bodies (supervisory board and/or management board) are appointed;
n) General meeting decision of the applying undertaking or its competent collegial corporate body (supervisory board and/or management board), by which the chief executive officer (head manager) of the applying undertaking is appointed;
o) Copies of internal acts and procedures regulating activities of the corporate bodies of the applying undertaking, including those defining their rights of representation;
p) Information about the chief executive officer (including Administrator, Director or possessions in equivalent levels) of the applying undertaking and other staff assigned with competences in organizational and administrative functions of the applying undertaking, or other persons assigned with such competences by the authorization (power of attorney), i.e.:
   (i) information of competences and functions assigned;
   (ii) description of their any other professional and/or commercial activities;
   (iii) declaration of interest stating that such persons do not participate in activities of energy undertakings engaged in the generation, distribution and/or supply of natural gas and/or electricity;
q) Copies of internal acts and procedures, which prevent from a disclosure of confidential or other commercially sensitive information to energy undertakings engaged in the production, distribution and/or supply of natural gas and/or electricity; and
r) Information about the applying undertaking staff, which came from other energy undertakings engaged in the generation, distribution and/or supply of natural gas and/or electricity (clearly indicating such energy undertakings) during the continuous period of six (6) months before the submission date of the application for the certification.
s) Regulations, guidelines, manuals relating to the organization, operation, activity or subcontracting of services;
t) Assets Inventory:
   (i) owned transmission for electricity systems (including those under construction);
   (ii) transmission for electricity systems in third countries;
   (iii) transmission for electricity systems owned by third parties and in use by the applicant;
   (iv) The structure of ownership of transmission for electricity systems (specifying the% of shares);
   (v) Documentation of ownership and plans of the headquarters.
u) List of public authorities that have direct or indirect control or shareholder rights on the applicant (describe the form how control is exercised; if a public authority has control over generation and/or supply activity with gas or electricity; legal and financial interdependence); Obligation provided in Law no.43/2015 article 54 point 3, “On Power Sector”, is considered completed if two or more undertakings which has their transmission networks, have established a joint venture, that operates as transmission system operator in two or more countries. No other undertaking can be part of this joint venture, except when the undertaking is designated as independent transmission system operator and is certified
according to the conditions provided in Law. When the person mentioned in Law no.43/2015 article 54 point 3 “On Power Sector” is a public body controlled by the state, two separate public bodies that exercise control one over the Transmission System Operator or over transmission network and the other over the licensee that performs the generation or electricity supply function, shall be considered as they are not the same person.

v) Other documents that the applicant considers relevant to the process.

w) Copies of all commercial or financial agreements between the applicant and generation / supply vertically integrated enterprises;

(2) In case the applying undertaking is a branch of the foreign company, as duly registered for commercial activities in Albania, it shall submit to the ERE the following documents, data and information:

a) Documents, data and information of the foreign company, the branch of which is applying for the certification, as required under paragraph (1) of this Article; and

b) Documents of the branch, as required under subparagraphs a), o), p), q) and r) of paragraph (1) of this Article.

Article 10

(Submission of documents, data and information)

(1) All documents, data and information required under Article 9 of the Regulation shall be submitted in written form and electronically to ERE in Albanian and in English languages.

(2) At any time during the certification procedure, ERE and as it is the case, the Secretariat may require from the applying undertaking and/or any other related energy undertakings any additional documents, data and/or information relevant for the certification of Transmission System Operator for Electricity.

(3) The applying undertaking or the certified Transmission System Operator for Electricity shall inform ERE about any change in the submitted documents, data and/or information immediately, but in any case not later than in five (5) working days after the change, and shall submit the corrected documents, data and/or information.

(4) The applicant submits a written request together with the documents specified in the regulations, in the original and / or certified format.

(5) The applicant provides explanations as well as disclosures and the terms for the above requirements which at the time of application are under the process of completion or are not relevant and applicable for the applicant or when the same document covers more than one requirement.

(6) When it is proceeded for a review / re-evaluation of existing certification in force, the submitted information is assessed case by case and in accordance with ERE and / or the Secretariat requirements.
CHAPTER IV - CERTIFICATION PROCEDURE

Article 11

(Procedures applicable for the certification)

(1) ERE shall certify the Transmission System Operator for Electricity based on the procedures established in Law 43/2015 article 58, "On Power Sector " and the Regulation.
(2) Shall be applied the procedures defined in legal acts regulating the internal procedures and ERE work organization, but without influencing on paragraph (1) of this Article.

Article 12

(Decision on the certification)

(1) ERE shall adopt a decision on the certification of the Transmission System Operator for Electricity within a period of four (4) months from the date of receiving the application and full submission of the required documents, data and information, as required under Chapter III of this Regulation.
(2) After the end of the period specified in paragraph (1) of this Article, if it is not adopted a formal decision by ERE, the certification shall be considered to be granted based on the tacit decision of ERE. The explicit or tacit decision of ERE shall become effective only after conclusion of procedures set out in Law no.43/2015 article 58 "On Power Sector" and the Regulation.
(3) The explicit or tacit decision on the certification of the Transmission System Operator for Electricity shall be sent on time to the Secretariat by ERE, together with all the relevant information with respect to that decision.
(4) Within four (4) months from receiving the information referred to in paragraph (3) of this Article, the Secretariat shall deliver its opinion to ERE for its compatibility with the respective requirements for the designation and certification of the Transmission System Operator for Electricity. In the absence of an opinion by the Secretariat within the period defined herein, the Secretariat shall be deemed not to raise objections to the decision taken by ERE.
(5) Within two (2) months after receiving the Secretariat opinion, ERE shall adopt its final decision regarding the certification of the Transmission System Operator for Electricity, taking the utmost account of that opinion. ERE decision and the Energy Community Secretariat opinion shall be published together.
(6) When ERE final decision changes from the opinion of the Secretariat, ERE shall provide and publish together with such decision the reasoning underlying the different decision and shall inform the Secretariat accordingly.
(7) ERE final decision on the certification of the Transmission System Operator for Electricity and its following materials, as referred to in this Article, shall be published in the Official Gazette, on ERE website and in the designated section of the Secretariat website.
(8) Upon a special request of the certified Transmission System Operator for Electricity or by ERE initiative, the certification procedure may be followed by granting a new license to the Transmission System Operator for Electricity or modification of existing license, as it may be required, based on the licensing procedures provided in the Licensing Rules adopted by the ERE.
Article 13

(Certification in relation to third countries)

The certification procedure in relation to third countries, i.e. in cases where the Transmission System Operator for Electricity or, as the case may be, the transmission for electricity network owner is controlled by a person or persons from a third country or third countries, shall be implemented following Articles 11 and 12 of the Regulation taking into account specific requirements provided in Law 43/2015 article 59, "On Power Sector".

Article 14

(Reopening of the certification procedure)

(1) ERE, according to its competences in monitoring the continuous compliance of the designated Transmission System Operator for Electricity with the requirements for its independence and unbundling, shall reopen a certification procedure to ensure such compliance in cases:
   a) upon notification by the Transmission System Operator pursuant to Article Law no. 43/2015 article 58 point 8, "On Power Sector";
   b) on ERE initiative when there is a reasonable doubt that a planned change influences on the rights or the control of the Transmission System Operator for Electricity and may lead to a violation of the respective provisions of Law 43/2015 article 64 “On Power Sector” or when such a violation may have occurred; or
   c) Upon a reasoned request from the Secretariat.

(2) For the purposes of this Article, a certification procedure reopened by the ERE shall be followed under Articles 11 and 12 of the Regulation.

(3) Reopening of the certification procedure shall result in new decision on the certification of the Transmission System Operator for Electricity, which may be followed by granting a new license to the Transmission System Operator for Electricity, as referred to in paragraph (8) of Article 12 of the Regulation.

(4) Violation of provision provided in the article 54, 58 and 59 and other provisions set in this regulation as well as no submission of information according to provisions of this regulation make the existing certification not valid.

CHAPTER V – FINAL PROVISIONS

Article 15

(Protection of the confidential information)

(1) In cases where documents, data and/or information, as submitted by the applying undertaking to ERE or to the Secretariat, shall be handled as confidential or commercially sensitive information, the applying undertaking shall clearly indicate which particular part of documents, data and/or information shall be deemed as confidential or commercially sensitive.

(2) ERE or the Secretariat shall have no obligation to treat those documents, data and information submitted by the applying undertaking as confidential or commercially
sensitive, if the applying undertaking did not make respective indications required under paragraph (1) of this Article.

(3) The ERE or the Secretariat shall have their rights to handle any documents, data and/or information as confidential or commercially sensitive under its own discretion.

(4) The ERE or the Secretariat shall protect the confidential or commercially sensitive information under the terms and conditions provided in the applicable laws. Such information may be disclosed only in cases required by the applicable laws.

Article 16

(Liability)

Violation of the requirements of the Regulation or any other related violation may cause the liability of the blaming party under the terms and conditions provided in Law 43/2015 article 107 "On Power Sector" and/or other applicable laws.

Article 17

(Complaints)

ERE decision under this regulation and / or related disputes can be handled with negotiations between the applicant and ERE and / or be complained by the applicant according to the procedures described in the “Rules for ERE Organization and Operation” in or in Administrative Court of Tirana within the deadlines defined in Law no. 43/2015 article 16 “On Power Sector”.

Article 18

(Amendments to the Regulation)

These rules are object of review and amendment by ERE Board decision, in accordance with the “Rules for ERE Organization and Operation”.

Article 19

(Entry into force)

These Rules shall enter into force on the date approved by ERE.
ANNEX

QUESTIONNAIRE FOR THE CERTIFICATION OF THE TRANSMISSION SYSTEM OPERATOR FOR ELECTRICITY

I. General information:

(1) Please provide the following contact data:

a) Name and address of an undertaking to be certified as the Transmission System Operator for Electricity:

b) Internet address of the website of the Transmission System Operator for Electricity:

c) Name, address, telephone number, fax number and e-mail address of, and position in the undertaking, the appropriate contact person in the Transmission System Operator for Electricity:

II. Please fill the Form OU (ownership unbundling)

(1) Ownership of the transmission system by the transmission system operator - Law 43/2015 article 54 “On Power Sector” and (Articles 9(1)(a) and 9(5) of the Directive 2009/72/EC)

a) Regarding the ownership of the transmission system for electricity, please present the analysis:

(i) specifying all transmission systems owned by the Transmission System Operator for Electricity in Albania (also those under construction or not constructed before October.6.2011), including interconnectors and separated transmission for electricity networks

(ii) specifying transmission systems, which the Transmission System Operator for Electricity owns (fully or partially) in other Energy Community Parties

(iii) indicating all other owners of the given transmission for electricity system specifying the shares of each owner, in case the Transmission System Operator for Electricity owns the transmission for electricity system only partially
b) Inform if the transmission system operator leases or rents any transmission for electricity systems from or to any other parties:

c) In case the Transmission System Operator for Electricity is a joint venture that belongs to two or more undertakings which own electricity transmission systems in different countries of Energy Community, inform if all parties of this joint venture are Transmission System Operator for Electricity approved under an Independent System Operator (ISO) or Independent Transmission Operator (ITO) model; please name these companies and indicate the TSO status:

(2) Control and ownership over the Transmission System Operator for Electricity- Law 43/2015 article 54 “On Power Sector” (Articles 9(1)(b)-(d), 9(2), 9(3) and 9(7) of the Directive 2009/72/EC)

a) It is required that the Transmission System Operator for Electricity not to be controlled by any person involved in the generation or supply of gas and/or electricity. To ensure the ownership and control over the Transmission System Operator for Electricity it is required a list of all undertakings belonging to the same group. Therefore the following information is requested:

(i) list of all undertakings or persons controlling directly or indirectly the Transmission System Operator for Electricity, directly or indirectly
(ii) list of all undertakings active in Albania that are controlled directly or indirectly by these parties
- by the Transmission System Operator for Electricity
(iii) list of all companies performing any of the functions of generation or supply in case the same person directly or indirectly exercises control or any right over the Transmission System Operator for Electricity and such companies

For any declaration listed in the above points from (i)-(iii) the nature and way of control should be specified (e.g. voting rights, veto rights, holding of a majority share, powers to appoint members of the supervisory board, the management board or bodies legally representing the undertaking, de facto and de jure control, sole control or common control).

The information required in this section may be illustrated by the use of organization charts or diagrams to show the structure of ownership and control of the undertakings. Please include the relevant legal provisions and indicate which information is confidential.

b) In case a public body is exercising the rights described in Law 43/2015 article 54 paragraph (6) “On Power Sector” (Articles 9(1) (b)-(d) of the Directive 2009/72/EC), the unbundling provisions require ensuring independence between the public body exercising those rights over transmission, generation
or supply activities. Therefore in case one or different central or local governmental bodies (e.g. Ministries) exercise those rights, it is necessary to introduce mechanisms ensuring such independence. In this respect please answer the following questions:

(i) please describe briefly if public bodies directly or indirectly exercise control or any right over electricity transmission, generation and supply activities

(ii) in case the central or local governmental bodies exercises those rights for undertakings involved in transmission, generation, production and Electricity supply, please:

- Describe in details which part of the governmental bodies exercises those rights over which undertakings
- Describe briefly the constitutional (legal, financial) interdependences between those parts of the governmental bodies
- Describe briefly how it is ensured that the rights described in Law 43/2015 article 54 paragraph (6) “On Power Sector” (Articles 9(1) (b)-(d) of the Directive 2009/72/EC), respectively in respect to transmission for electricity systems are exercised independently from generation, production or supply activities


(i) Describe briefly the obligations that the Transmission System Operator for Electricity fulfills and give the conclusions in compliance with Law 43/2015 article 56 of April.30.2015 “On Power Sector” and article 12 of the Directive 2009/72/EC). Submit all relevant parts of all regulatory provisions (laws, network codes, agreements between companies, statutes) showing that the Transmission System Operator for Electricity has the full responsibility to complete the above mentioned obligations and clearly show the relevant parts supporting the analysis

(ii) show on the basis of applicable regulation that ERE has the power, including ability to impose dissuasive fines, which ERE shall apply when the Transmission System Operator for Electricity does not fulfill or partially fulfills the obligations and responsibilities specified in Law no. 43/2015 article 56 of April.30.2015 “On Power Sector”, and article 12 of the Directive 2009/72/EC

(i)
(ii)