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ALBANIAN ELECTRICITY MARKET RULES

CONTENTS

CHAPTER I CONVENTIONS

CHAPTER II ELECTRICITY MARKET STRUCTURE

II.1 – Legal and Regulatory Framework

II.2 – Market Participants

II.3 – Binding Rules and Obligations

CHAPTER III MARKET PARTICIPANTS REGISTRATION PROCESS

III.1 – Registration Request

III.2 – Market Participant Details

III.3 – Granting Registration

III.4 – Regulatory Approval

III.5 – Dispute on Registration by an Applicant

CHAPTER IV WITHDRAWAL REQUEST, SUSPENSION and TERMINATION of REGISTRATION

IV.1 – Withdrawal Request by a Market Participants

IV.2 – Suspension of Trading Activities in the Electricity Market

IV.3 – Termination of Market Participation Agreement

CHAPTER V RULES for the BILATERAL CONTRACT

V.1 – Confidentiality of Freely Negotiated Contracts

V.2 – Disclosure of Regulated Contracts

V.3 – Contract Notification Requirements and Effects

CHAPTER VI RULES for the PHYSICAL SCHEDULE NOMINATIONS & CONTRACT NOTIFICATIONS

VI.1 – Introduction

VI.2 – Physical Schedule Nominations and Dynamic Data Declaration

VI.3 – Forms of the Physical Schedule Nomination and Contract Notification

VI.4 – Physical Schedule Nomination Timetable and Gate Closure

CHAPTER VII RULES for BALANCING MARKET

VII.1 – General Description and Conventions

VII.2 – Participants in Balancing Market

VII.3 – Bids and Offers; Submission of Bids and Offers

VII.4 – Processing of Bids and Offers by Market Operator

VII.5 – Balancing Market Price Determination for Imbalance

VII.6 – Settlement of Bids and Offers

VII.7 – Day Ahead and In-Day Adjustments

CHAPTER VIII RULES for ANCILLARY SERVICES

- VIII.1 – Introduction
- VIII.2 – Ancillary Services Annual Procurement Plan
- VIII.3 – Ancillary Services Periodic Technical and Commercial Review
- VIII.4 – Ancillary Service Cost Recovery

CHAPTER IX RULES for CALCULATION OF IMBALANCES

- IX.1 – Imbalances against the Physical Schedule Nominations
- IX.2 – Default of Ancillary Service Providers
- IX.3 – Notice of Disagreement

CHAPTER X RULES for INTERCONNECTION CAPACITY ALLOCATION**CHAPTER XI SETTLEMENT RULES**

- XI.1 – Responsibilities for Settlement for Contract Imbalances
- XI.2 – Settlement Timelines
- XI.3 – Settlement for Transition Period
- XI.4 – Contents of Settlement Statement

CHAPTER XII RULES FOR INVOICING AND PAYMENT

- XII.1 – General
- XII.2 – Invoices for Imbalance Settlement Account
- XII.3 – Invoices for Transmission and use-of-system (UoS) Charges
- XII.4 – Disputes on Invoices and Payments

CHAPTER XIII SECURITY OF SUPPLY

- XIII.1 – Obligations (cross reference with Grid Code)
- XIII.2 – Suspension of the Electricity Market, in part or in all, by the System Operator

CHAPTER XIV METERING

- XIV.1 – General (Cross reference to Metering Code)
- XIV.2 – Generator Meter Account
- XIV.3 – Demand-side Off-take Meter Account
- XIV.4 – Energy Consumption Profiling
- XIV.5 – Autoproducers
- XIV.6 – SPP – small Power Plant
- XIV.7 – Eligible Customer Connected to the Distribution System
- XIV.8 – Obligations tied to Energy Recorded
- XIV.9 – Responsibility for Meter Reading
- XIV.10 – Generator Metering System Failure or Outage
- XIV.11 – Demand-side Metering System Failure or Outage
- XIV.12 – Responsibility for Metering Registers

XIV.13 – Meter Account or Off-take Meter Account Transfer

CHAPTER XV GUARANTEES

CHAPTER XVI DATA and INFORMATION EXCHANGE

CHAPTER XVII MARKET INFORMATION

XVII.1 – General

XVII.2 – Information Dissemination and Reporting

XVII.3 – Information Policy

CHAPTER XVIII DISPUTE RESOLUTION

XVIII.1 – General Procedure

XVIII.2 – Notice of Dispute

XVIII.3 – Dispute Resolution Process

XVIII.4 – Dispute Relating to Settlement

CHAPTER XIX PROCEDURES for MARKET RULES AMENDMENTS

XIX.1 – General

XIX.2 – Rule Amendment Proposals

XIX.3 – Market Rules Administration

XIX.4 – Rule Amendment Process

CHAPTER XX TRANSITORY MEASURES

ATTACHMENTS

Attachment A **Terms and Definitions for Albania Market Rules and for Grid Code, Metering Code and Distribution Code**

Attachment B **Market Participation Agreement**

Attachment C **Physical Schedule Nomination Timetable**

CHAPTER I – CONVENTIONS

These Market Rules define:

- i. A set of rules that establish the procedures for market operations and management
- ii. A coherent framework under which participants in electricity trade can interact with each other
- iii. Sales and purchases of electricity at freely negotiated prices
- iv. Conditions for participating at the Balancing Electricity Market

These Market Rules promote:

- i. Effective generation and supply of electricity
- ii. Competition in sale and purchase of electricity

Time - These market rules specify that the Settlement Period is 1 (one) hour with its range between 00:00:01 to 01:00:00. All times are referred to Central European Time (CET).

Currency – All payments and financial transaction in the balancing market shall be expressed and calculated in the agreed currency.

Units – All technical units are expressed in the International System of Units (SI). For example generation, transmission and consumption of electricity (electric energy) is expressed in kWh (MWh, GWh), similarly generation, transmission and consumption of reactive energy is expressed in kVARh (MVARh). Capacity or demand or Power is expressed in kW (MW).

Terms and Definitions are in Attachment A

CHAPTER II – ELECTRICITY MARKET STRUCTURE

II.1 Legal and Regulatory Framework

- II.1.1* Under the Power Sector Law, the ERE has responsibility of defining rights and obligations of market participants, and providing regulatory oversight to the Albania electricity market
- II.1.2* The authority for approving Market Rules for electricity market is given by the Power Sector Law to ERE. The ERE has full authority over Market Rules
- II.1.3* The purpose of Market Rules is to establish transparent and non-discriminatory rules for the Albania electricity market. The ERE will continuously monitor the electricity market to insure its nondiscriminatory and efficient functioning and protect effective competition among its participants
- II.1.4* The Market Rules are to be read in conjunction with the Grid Code, the Distribution Code and the Metering Code.
- II.1.4* The ERE shall review these Market Rules to ensure that they reflect developments in the Albania power sector and the regional market
- II.1.5* All aspects of OST (dispatch, market and transmission system operations) must function in a transparent manner with regulatory scrutiny by the ERE that lead to development of a commercial electricity market.
- II.1.6* The ERE role in electricity market should include control of monopoly business pricing, market abuse policing, approval of rules, codes and their changes and amendments, setting off for regulated business and facilitate competition.
- II.1.7* If any provision of these Market Rules is or becomes invalid, unenforceable or illegal or is declared to be invalid, unenforceable or illegal by any court of competent jurisdiction, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this Market Rules, which shall continue in full force and effect.

II.2 Market Participants

- II.2.1* The following parties shall, subject to the terms and conditions under their respective license, comply with the Market Rules in the specified Participation Capacities of:
- II.2.2* **OST** - that as a market operator will:
- i. Be responsible for the organization and administration of electricity payment settlements among the market participants for balancing market
 - ii. Maintain a process for all parties to comply with the Market Rules
 - iii. Maintain accounts on behalf of trading parties for balancing energy and the services provided by OST
 - iv. Manage the imbalance Settlements statement process

- v. Invoice and collect money owed to the OST by Parties payments for Ancillary Services, payments under Interconnection Agreement and for the purchase of balancing energy under the terms of the Market Rules
 - vi. Remit money to or receive money from Parties that have provided balancing energy purchased by the OST
 - vii. Manage the process of modification of the Market Rules as per Chapter XIX
 - viii. Provide market information in accordance of Chapter XVI Market Information of this Market Rules
 - ix. Perform all other function assigned to it under the Market Rules or by ERE approval
 - x. **Not** trade in or be registered as owning energy or generating capacity
- II.2.3* **OST** – that as a transmission network operator will:
- i. Manage and operate the transmission system in accordance with the terms of the Grid Code
 - ii. Own, maintain and expand the transmission system assets
 - iii. Develop long term planning for expansion of transmission system
 - iv. Manage new constructions and connections
 - v. Maintain and periodically inspect existing connections for upgrades
 - vi. Procure ancillary services
 - vii. Have the priority right to procure energy to cover transmission losses from KESH Gen
 - viii. Organize auctions for interconnection capacity
- II.2.4* **OST** – as a system dispatch operator will:
- i. Manage the physical balancing of the system under the terms of the Grid Code
 - ii. Maintain supply quality and reliability including interstate power flows
 - iii. Account for inadvertent deviations and their return
 - iv. Provide daily information to all parties
 - v. Perform all other function assigned to it under the Market Rules
 - vi. Manage a process of registration of KESH Gen, SPPs, IPPs, Traders and Qualified Suppliers with responsibility for meter registers and consumption, as the case may be
 - vii. **Not** trade in or be registered as owning energy or generating capacity
- II.2.5* **DSO** – as a distribution system operator will:
- i. Own, maintain, expand and operate the distribution system throughout Albania
 - ii. Maintain a register of premises and consumption meters of the all Eligible Customers and Tariff Customers connected at the distribution systems
 - iii. Provide distribution service to all Eligible Customers on non-discriminatory terms
 - iv. Provide interconnection service to SPPs
 - v. Buy the energy from Wholesale Power Supplier, KESH Gen, IPPs, SPPs, Qualified Supplier or Traders or the electricity market to cover its distribution losses.

- II.2.6* **Wholesale Public Supplier** – as wholesale supplier that purchases the electricity supply required by tariff customers and sells this supply to the Retail Public Supplier shall
- i. Be responsible for buying wholesale electricity for Retail Public Supplier tariff customers
 - ii. Have the obligation, as Wholesale Public Supplier, to serve as the provider of last resort for all customers
 - iii. Have responsibility to provide to the OST annual, weekly and day ahead schedules showing expected load of Retail Public Supplier’s Tariff Customers and the load carried as provider of last resort
 - iv. Provide the OST with information about all procured electricity supply
 - v. Have the right to purchase at regulated prices from KESH Gen all the energy produced by KESH Gen and other publicly-owned generators required to serve Retail Public Supplier’s tariff customers
- II.2.7* **Retail Public Supplier** – as supplier that purchases wholesale power from Wholesale Public Supplier and selling this power to tariff customers shall
- i. Sell electricity to its tariffs customers on tariffs approved by ERE
 - ii. Maintain the customer meter databases and the provision of meter readings for settlement processes
 - iii. **Not** otherwise trade in or be registered as owning energy or generating capacity
- II.2.8* The Wholesale Public Supplier, DSO and Retail Public Supplier entities will operate under separate licenses issued by the ERE.
- II.2.9* **KESH Gen** will comply with the Market Rules in the capacity of market participant and will:
- i. Operate in accordance with the Grid Code
 - ii. Nominate output levels in accordance with the Grid Code and the Market Rules
 - iii. Sell ancillary services to the OST, including energy to cover the transmission losses
 - iv. Sell electricity to Wholesale Public Supplier to the extent required to meet the load of Tariff Customers (subject to ERE approval)
 - v. Sell excess of electricity on the regional market according to rules and procedures approved by ERE
 - vi. Submit meter reading information for all energy delivered into the Transmission System and/or the DSO
 - vii. Undertake all other obligations as set out in the Market Rules
- II.2.10* **SPPs – Small Power Producers** will comply with the Market Rules in the capacity of Trading Party and will:
- i. Contract with Public Supplier, Qualified Suppliers and Traders
 - ii. Contract for the export of electricity at market prices
 - iii. Submit meter reading information for all electricity delivery or taken off the DSO system
 - iv. Sell electricity to Wholesale Public Supplier under contracts approved by ERE

- v. Undertake all other obligations as set out in the Market Rules

II.2.11 IPPs – Independent Power Producers will comply with the Market Rules in the capacity of Trading Party and will:

- i. Contract with Wholesale Public Supplier under contracts approved by ERE and sell for the export, and to Qualified Suppliers and Traders at market prices
- ii. Submit meter reading information for all electricity delivery or taken off the Transmission System

II.2.12 QS - Qualified Suppliers as an electricity supply provider will:

- i. Contract electricity from Traders and/or or SPPs, or IPPs, or KESH Gen
- ii. Sell electricity to only Eligible Customers

II.2.13 Traders – As commercial entity that trade electricity will:

- i. Buy and sell electricity at wholesale
- ii. Trade electricity from import, or SPPs, or IPPs, or Qualified Suppliers or KESH Gen
- iii. Sell electricity to export, or SPPs, IPPs, Wholesale Public Supplier

II.2.14 EC - Eligible Customers – are customers that can purchase electricity from Qualifying Suppliers according to Power Sector Law and procedures approved by ERE.

- i. Any information concerning Eligible Customer that is required by OST and/or DSO should be provided by its Qualifying Supplier

II.3 Binding Rules and Obligations

II.3.1 The Market Rules is by this means given effect between and made binding upon each party with effect from the effective date of accession.

II.3.2 With effect from the effective date of accession, each party undertakes to each other party to comply with and to perform its obligations in accordance with and subject to the market rules.

II.3.3 All market participants shall be licensed or otherwise authorized by the ERE to participate in the electricity market.

CHAPTER III – MARKET PARTICIPANTS REGISTRATION PROCESS

III.1 Registration Request

III.1.1 A market participant, wishing to become an Albania electricity market participant may request this in writing to the OST, according to the provisions of the procedure for the registration provided below. The procedure must be managed by the OST and approved by ERE. The OST will make available this procedure for all the interested parties.

III.1.2 The OST should prepare the Market Participation Agreement (suggested sample is in **Attachment B**), which must include the mutual rights and responsibilities of the OST and of each Albania electricity market participant. After ERE approval, the framework-content of the Market Participation Agreement becomes a component part of the market rules and will be made available by the OST to all interested parties for signature.

III.2 Market Participant Details

III.2.1 Market participants shall send to the OST Market Operator by e-mail or fax followed by a letter with original form, defined by the market operator, a registration form for the participating in the market.

III.2.2 The registration form should be completed, according to a pattern, published on (OST bulletin; the internet) by the OST and should consist of:

- i. Applicant's name
- ii. Head-office and administration address of the applicant, together with contact details
- iii. Phone, fax, e-mail
- iv. Category of party at the electricity market
- v. Any tax registration, governmental identification number registration
- vi. Number of the license, issued by ERE
- vii. Bank excerpts (bank, address, bank account, bank code)
- viii. Declaring of electricity quantities in MWh, which the applicant have used/generated within the last (three, or four, or five) complete calendar months before the application sending date
- ix. List of persons, authorized to send and confirm documents with regard to the operative work at the electricity market
- x. List of persons, authorized to sign contracts and invoices

III.2.3 Applicant for Albania electricity market participation shall attach the following appropriate documents to the registration form:

- i. Technical information, approved by the OST for parties and auto-producers sites, equipped with electricity commercial metering devices (based on Metering Code), which are subject to transactions at freely negotiated prices
- ii. Copy of the license for electricity generation or a copy of the license for trade or supply of electricity, where this applies

- iii. Document, issued by the OST and/or DSO, giving access to the transmission and/or distribution electricity network to the extent required
 - iv. Copy of the last legalized annual financial report
 - v. Description of the means of communication
- III.2.4* Any Licensed Party wishing to become Albania electricity market participants must deposit to the OST financial collateral, determined according to the provisions approved by the ERE, and pay the OST interconnection tariff.
- III.2.5* OST sets up and keeps a Trading Register.
- III.2.6* The Albania electricity market participants accepted by the OST according to the provisions of this section will be registered in the Trading Register. The Trading Register must include, for each Albania electricity market participants, at least the following information:
- i. The full name, official address and contact details of the licensed party registered as Albania electricity market participants
 - ii. The date and number of the corresponding Market Participation Agreement
 - iii. The Albania electricity market participants identification code of that participant
 - iv. The names and contact details of all the persons authorized to act on behalf of the licensed party
- III.2.7* Each Albania electricity market participants has the right to consult the information from the Trading Register concerning that participant and to request the correction of any possible mistake.
- III.2.8* The information from the Trading Register must be made available for the OST Market Operator.
- III.3 Granting Registration**
- III.3.1* Within 10 working days from receiving the registration documents, the OST shall verify the application data and the attachments, and shall:
- i. Send notification for application admittance for registration at the electricity market or
 - ii. Prescribe obligatory instructions and terms for editing possible errors in the application forms and the attachments or
 - iii. Give stated refusals for registration of applicants at the electricity market
- III.3.2* The application admittance notification to the OST should consist of:
- i. Identification number of the party
 - ii. Guarantee deposit amount and information about the bank, where the special account will be opened

- iii. Additional requirements of the OST to the information circle and means of communication of the party, if such exist
- iv. Information about the OST Transmission Network Operator and the OST – head-office and administration address, contact details, address, phone, fax, e-mail, tax registration and statistical identification number registration; bank excerpts (bank, address, bank account, bank code), including VAT account; list of persons, authorized to send and confirm documents with regard to the operative work at the balancing energy market, list of persons, authorized to sign contracts and invoices.

III.3.3 After implementation of the registration requirements, the OST shall enter the party in the parties' register and sign with this party Market Participation Agreement

III.3.4 The OST will publish on its website a list of registered parties with information about the name, identification number, date of registration and status (traders, suppliers, who supply with electricity only their own sites, date of withdrawal, date of suspension, etc).

III.3.5 Each party is obliged to send information to the OST about change in the information, given at the registration, within 6 working days from the change occurrence.

III.3.6 After the Market Participation Agreement has been signed by the authorized representative of the requesting party, the registration as new market participant becomes effective as of the date of its enforcement.

III.3.7 The OST shall register all market participants at the electricity market officially.

III.4 Regulatory Approval

III.4.1 To become an Albania electricity market participant, the party must be registered by the OST according to the provisions of the above section and:

- i. Must have ERE license

III.5 Dispute on Registration by an Applicant

III.5.1 The OST could refuse registration at the electricity market in cases of:

- i. Errors in the registration form and the attachments, which are not corrected within the terms 10 working days
- ii. Obligations to the OST Transmission Network Operator, which have not been lapsed.

III.5.2 The OST shall not register a party in case of non-fulfillment of conditions within terms defined in these Market Rules.

III.5.3 In case of refused registration, the applicant could start a new procedure for registration at the electricity market, after 1 month expiry from the date of receiving the refusal by the OST.

III.5.4 In case of refused registration by the OST, the party has the right to dispute the refusal by letter, addressed to the ERE within 10 working days from receiving it.

- III.5.5* The ERE shall verify whether the reasons for refusal are justified and shall pass judgment within 15 working days from receiving it
- III.5.6* In case of ERE's decision, confirming that the OST has refused the registration at the electricity market unjustifiably, the OST is obliged within 5 working days from receiving the ERE's judgment to send the applicant a notification for admitting the registration form at the electricity market.

CHAPTER IV – WITHDRAWAL REQUEST, SUSPENSION and TERMINATION of REGISTRATION

IV.1 Withdrawal Request by a Market Participants

- IV.1.1* A market participant may withdraw from the electricity market by own initiative, based on a written notification signed by an authorized representative of this participant. The notification must be submitted at least **3** months before the date when the registration of the market participant must be canceled. After the receipt of such notification, the OST must immediately inform all other market participants.
- IV.1.2* If the participant cannot meet all the conditions of Market Rules then the participant or OST must inform the ERE as soon as possible and in no circumstances in more than 10 working days from the becoming aware of the conditions.
- IV.1.5* This surcharge shall be in place until Eligible Customer signs the contract with Qualified Supplier or is fully accepted as tariff customer after notification period expired.

IV.2 Eligible Customers

- IV.1.3* Eligible Customers have a free choice either to remain under the regulated tariff and be supplied with electricity by Retail Public Supplier or choose any supplier
- IV.1.4* Eligible Customers shall have the right to switch to be supplied by the Retail Public Supplier with a minimum notification period of 6 months
- IV.1.4* There will be a surcharge, approved by ERE to the Retail Public Supplier tariff rate applicable to that eligible customer that switched to the regulated electricity market

IV.2 Suspension of Trading Activities in the Electricity Market

- IV.2.1* Suspension of participants trading activities - If any of the following conditions is satisfied:
- i. The market participant doesn't satisfy any longer one or more conditions necessary for the registration as market participant (as stated in Chapter III.)

- ii. The market participant doesn't satisfy any longer the requirements related to the financial collateral, according to the provisions stated in Chapter III., or does not make the payments, according to the provisions stated in Chapter III.
- iii. The market participant does not observe the Market Participation Agreement
- iv. The market participant is repeatedly found guilty of not observing the market rules and all codes applicable for the Albania electricity market or for the settlement.

IV.2.2 If the market participant cannot prove that it has removed the cause(s) which generated its suspension during the stated period specified in OST suspension notification then OST will proceed with the termination of Market Participation Agreement.

IV.2.3 After participant file complain, the ERE shall verify whether the reasons for suspension of trading activities are justified and shall pass judgment within 15 working days from receiving it.

IV.2.4 If the market participant registration is suspended then the all participant's outstanding (new) market offers are automatically cancelled for the entire suspension period.

IV.3 Termination of Market Participation Agreement

IV.3.1 The OST may terminate the Market Participation Agreement of a market participant in any of the following cases:

- i. If the market participant doesn't satisfy any longer one or more conditions necessary for the registration as market participant (as stated in Chapter III.)
- ii. If the market participant doesn't satisfy any longer the requirements related to the financial collateral, according to the provisions stated in Chapter III., or does not make the payments, according to the provisions stated in Chapter III.
- iii. If the market participant does not observe the Market Participation Agreement
- iv. If the market participant is repeatedly found guilty of not observing the market rules and all codes applicable for the Albania electricity market

IV.3.2 The Market Participation Agreement must be revoked automatically and immediately, when the respective market participant's license is withdrawn by ERE and all its market offers are automatically cancelled from the date stated in notification statement.

IV.3.3 The market participants whose Market Participation Agreement was terminated is responsible for all the liabilities the OST may hold against him.

CHAPTER V – RULES for the BILATERAL CONTRACT

V.0.1 All contracts and tariffs between the various market participants will be regulated at the inception of the market except for:

- i. Contracts between traders and qualified suppliers and eligible customers
- ii. Contracts between SPPs, IPPs, and eligible customers
- iii. Contracts between KESH Gen and eligible customers or traders
- iv. Contracts between and among SPPs, IPPS on one side, and traders on the other

V.0.2 The bilateral transactions on the electricity wholesale market are certified by electricity sale/purchase contracts for determined periods of time.

V.1 Confidentiality of Freely Negotiated Contracts

V.1.1 The electricity sale - purchase contracts may be regulated, with the minimum content established by the ERE, or non-regulated, with the content established by the parties through direct negotiation, observing the provisions of this Market Rules.

V.1.2 The contracting parties, the quantities of electricity and the prices from the negotiated contracts represent confidential information. As far as the provisions of this Market Rules, Grid Code and other relevant regulations require that such information has to be declared to the OST - Market Operator, the Transmission System Operator and the System Dispatch Operator, that information shall be disclosed to OST or DSO who will not disclose this information to other market participants subject to the requirements of the law applicable.

V.2 Disclosure of Regulated Contracts

V.2.1 All contracts that are approved by the ERE shall be available on the OST web pages. Regulated contracts are contracts concluded between the market participants, that are subjects to the ERE approval, producers and the contract consumers' suppliers, in order to protect the contracting parties against the risk of the market clearing price variation.

V.3 Contract Notification Requirements and Effects

V.3.1 Each contract party should submit to the OST Market Operator at least the following information:

- i. The party identification
- ii. The contracted electricity in MW
- iii. The contracted start and end period

V.3.2 The OST Market Operator has to confirm receiving contract to each party to become effective

- V.3.3 The effects of contract - After five business days of each evaluation of settlement period the contract is concluded for generators and supply

CHAPTER VI – RULES for the PHYSICAL SCHEDULE NOMINATIONS & CONTRACT NOTIFICATIONS

VI.1 Introduction

- VI.1.1* The OST System Dispatch Operator needs to know how much generation is planned and which units will be available in order to plan for any shortfalls and surpluses that may arise. The information is required for energy balancing purposes (such as where additional reserve needs to be put on standby) but is also needed for planning for system conditions (voltage variances and system constraints).
- VI.1.2* According to VI.1.1, the information shall be required for both generation and off-take. However, off-take information is only needed where off-take loads can vary substantially from the day-ahead demand forecast. Off-take data will be presented in the same form as generation data except that the signs will all be opposite.
- VI.1.3* Physical information needs to be in terms of two separate factors:
- i. Dynamic parameters relating to physical characteristic of how specific plant can change their operational levels. This information is described as Dynamic Data Parameters. These are also supplied for interconnections.
 - ii. Anticipated levels of output. This is provided in the form of Physical Nominations.
- VI.1.4* Dynamic Data Parameters may be changed at any time (more details in the Grid Code) and will then roll over until changed again. They may be changed once a Bid or Offer has been accepted by the OST who will use reasonable actions to take account of such changes but the party will be liable for the imbalances (i.e. commercial consequences) if the parameters are changed.
- VI.1.5* The Physical Schedule Nomination gives the OST information about projected injections (i.e. generation and interconnections import delivery levels) and the withdrawals (i.e. off-take and loads), hour by hour, for day ahead. The form of the physical nomination is in terms of delivery at specified one hour interval
- VI.1.6* The last nominated level is deemed to roll over until changed.
- VI.1.7* Larger eligible customers and SPPs with the size larger than 5 MW must submit directly or through their Qualified Suppliers physical nominations in accordance with these market rules. They will be identical in form to generating unit physical nominations except that MW will be expressed as a negative number.
- VI.1.8* Interconnection physical nominations will be identical in form but will be submitted on behalf of traders. The physical nomination of an interconnection trader is derived from its confirmed interconnection nomination.

VI.2 Physical Schedule Nominations and Dynamic Data Declaration

- VI.2.1* The purpose of the rules of the Physical Schedule Nominations and Dynamic Data Declaration is to establish a framework for the supply of information regarding the production capacities available for the OST System Dispatch Operator, to prepare the production and consumption schedule and to determine the availability of the ancillary services, necessary for the OST Transmission System Operator to ensure:
- i. The integrity of the system
 - ii. The safety and the quality of electricity supply
 - iii. Sufficient available capacity to ensure that at any moment the demand from the system and an adequate reserve can be met
 - iv. The management of the network constraints
 - v. The determining of the imbalances after the delivery day
- VI.2.2* The physical achievement of the contracted obligations requires the submission to the OST Market Operator of the notifications regarding all the net physical exchanges between individual parties (contract notifications) or between balance responsible parties.
- VI.2.3* The physical schedule nomination contains at least the following information:
- i. Planned production for all generation units for which the OST has assumed the balancing responsibility, of which separately the aggregate planned production for the load following generating units
 - ii. Planned production, separately for each dispatchable generating unit of the KESH – Gen
 - iii. The aggregated consumption planned for all electricity consumers for whom the OST has assumed the balancing responsibility, of which separately the aggregated consumption planned for the dispatchable consumptions
 - iv. Planned consumption for each eligible consumer
 - v. Exports and imports established with other countries, separately for each border exchange/trading
- VI.2.4* The Dynamic Data Declaration must be provided to the OST by the trading party whose generation account or supply account is registered. That includes generating unit or supply meter connected to the transmission system.
- VI.2.5* The Dynamic Data Declaration consist of availability data (planned outage, minimum zero or non-zero time), ramp rate data (run-up rates, run-down rates), operation limits (maximum delivery volume and period, maximum export or import limit, minimum stable generation) and notice requirements (notice to deliver offer, notice to deliver bid and notice to deviate from zero)
- VI.2.6* The Dynamic Data Declaration applies until a new notification of The Dynamic Data Declaration is issued by the OST. This can happen after a bid or an offer has been

accepted by the OST. The OST System Dispatch Operator will provide all relevant information to its Market Operator.

VI.3 Forms of the Physical Schedule Nomination and Contract Notification

VI.3.1 Each physical schedule nomination will be submitted in the form:

XX MW level **from** dd/mm/yyyy hh:mm

XX MW level **to** dd/mm/yyyy hh:mm

VI.3.2 and will be interpreted as follows:

- i. Each physical schedule nomination will specify delivery at specified minutes of the day
- ii. Where a specific minute is not referred to in the physical nomination its MW value will be determined by linear interpolation of MW levels in the start minute and the end minute
- iii. Unless superseded by another physical nomination, the MW level specified in the second term of each physical nomination will specify the MW level to be maintained “indefinitely”
- iv. Each physical nomination statement must have a start time that is the same as or later than the end time of the physical nomination covering earlier minutes of the day

VI.3.3 The nominated start times and end times in a physical nomination do not need to coincide with the start times and end times of settlement periods.

VI.3.4 The physical nomination for the following day must be submitted by [13:00] of the day.

VI.3.5 Contracts Notification required data - Market participants will notify the OST of their contracts, identifying, for each contract the following:

- i. Identification of contracted parties
- ii. Delivery/withdrawal points
- iii. Duration of contract
- iv. Contracted quantities and applicable hourly programs

VI.3.6 These requirements will apply to all bilateral contracts, including contracts for export/import.

VI.3.7 Strict confidentiality will apply to the contract notifications, and no commercial information (e.g. prices) will need to be notified to the OST.

VI.3.8 The OST will declare the detailed format for contract notifications.

VI.3.9 Contract Notification Schedule - Contract notifications may be submitted as early as one year prior to the gate closure in which the contract starts and can be updated by the time of Gate closure for re-nomination submissions by participants according with the Grid Code.

- VI.3.10* Each physical schedule nomination must cover all the dispatch intervals from that delivery day.
- VI.3.11* Except for the situations mentioned in the next paragraph, each delivery day will have twenty-four (24) consecutive dispatch intervals with duration of one (1) hour each, the first dispatch interval starting at hour [00:00] on the delivery day.
- VI.3.12* On the switching-day from summer time to winter time, the delivery day will have twenty-five (25) consecutive dispatch intervals. On the switching-day from winter time to summer time, the delivery day will have twenty-three (23) consecutive dispatch intervals.

VI.4 Physical Schedule Nomination Timetable and Gate Closure

- VI.4.1* The timetable for market operation including physical schedule nomination and bid and offer submission and subsequent bid acceptance and offer acceptance in respect of any day will be as per Attachment C:
- VI.4.2* Each market participants (WPS, DSO, QS, Trader, IPP, and SPP) shall submit to the OST Market Operator a Daily Schedule in accordance with the day ahead scheduling process as specified in the Grid Code. The OST Market Operator will define the format of the Daily Schedule.
- VI.4.3* The Daily Schedule of each market participants (WPS, DSO, QS, Trader, IPP, and SPP) shall be a 24-hour schedule providing output levels for all generation/purchases and consumption/sales of energy for each Settlement Period including losses.
- VI.4.4* The OST Daily Schedule will include a schedule for all transactions of the market participants' for which the OST has the balance responsibility.
- VI.4.5* The OST Daily Schedule contains hourly quantities for:
- i. Generation of KESH-Gen
 - ii. Generation of IPPs
 - iii. Generation of SPPs
 - iv. Electricity transactions by QS
 - v. Electricity transactions by Traders
 - vi. Schedule for Import/Export for Traders and Qualified Supplier
 - vii. Consumption by final customers from WPS
 - viii. Electricity needed to cover distribution losses from DSO
 - ix. Consumption by Eligible Customers
 - x. Obligation to cover system losses, which are estimated in accordance to the procedures from the Grid Code
- VI.4.6* Gate Closure - After the OST Market Operator has informed the OST System Dispatch Operator about its approved Daily Schedule, the OST System Dispatch Operator may submit revised balanced schedules (Re-Nominations) until the Gate Closure in accordance with the procedure defined by the **Grid Code**.

- VI.4.7 The OST Market Operator will publish all forecasted constraints in the system that may impact the amounts of nominated transactions by market participants according to the procedures described in the Market Rules and Grid Code.
- VI.4.8 The OST Market Operator shall for each generating unit register the time and the amount of energy which is re-nominated as it is described in previous paragraphs.

CHAPTER VII – RULES for BALANCING MARKET

VII.1 General Description and Conventions

VII.1.1 Balancing electricity market serves to:

- i. Procure energy for the difference between the load and the physical nomination at the schedules in accordance with concluded contracts,
- ii. Procure extra reserve for the power system – The OST may accept matched bids and offers in order to prepare generators for carrying extra reserve to relieve a constraint on the power system,
- iii. To calculate the price for imbalances

VII.1.2 The OST System Dispatch Operator controls and manages any imbalance in the system utilizing balancing market capabilities in accordance with these Market Rules and as described in **Grid Code**.

VII.1.3 The real time dispatch or the real time control of the power balance for Albania electricity system will be carried out by OST System Dispatch Operator procedures.

VII.1.4 Scheduled generation, exchanges and consumption are subject to any modification by the OST System Dispatch Operator.

VII.1.5 Emergency Conditions - To preserve the security of the electricity system under emergency conditions, the OST System Dispatch Operator may issue emergency instructions to all parties. This may request actions outside the electricity market. Each party is required to use all reasonable actions to comply with emergency instructions.

VII.1.6 For the purpose of securing electricity system stability the OST System Dispatch Operator is authorized and responsible to maintaining power exchanges with neighboring systems.

VII.2 Participants in Balancing Market

VII.2.1 Balancing market participants are:

- iv. All market participants with registered schedules for electricity delivery

- v. All participants with registered offers and/or generation output production for relevant period of settlement
 - vi. The Wholesale Public Supplier WPS as “the provider of last resort” for its customers within its territory
 - vii. Distribution System Operator DSO to cover distribution losses
- VII.2.2* Balancing market participants in the balancing market must comply with the relevant electricity market rules for the balancing market
- VII.2.3* Each balancing market participant has full responsibility for any of its scheduled generation, or exchanges or consumptions.
- VII.2.4* Balancing market participants that are providing ancillary services must fulfill the terms of their ancillary services agreements.

VII.3 Bids and Offers; Submission of Bids and Offers

- VII.3.1* The OST should issue updated forecasts by [10:00] prior to the day of real time dispatch that give advice to the energy market on expected imbalances and thus requirements for bids and offers.
- VII.3.2* In order for a generator or supplier (off take) to submit bids and offers for the balancing service, the physical nomination provides a base line against which delivery of the bid and offer can be measured.
- VII.3.3* Dynamic data declaration may be changed at any time except any restrictions in the Grid Code. They may be changed whenever a bid or offer has been accepted.
- VII.3.4* Bids and Offers are made by generators, interconnection traders and Suppliers (off take). The OST will accept a bid or an offer in order to keep the system in balance or to provide for reserve.
- VII.3.5* A bid or an offer is for a specified deviation from the nominated physical position and the change in energy delivered.
- VII.3.6* If generator submits bid to buy energy at the bid price then a bid acceptance will involve the generator decrementing its level of output by the bid specified amount of MWs below its existing physical nomination.
- VII.3.7* If generator submits offer to sell energy at the offer price then an offer acceptance will involve the generator incrementing its level of output by the offers specified amount of MWs above its existing physical nomination.
- VII.3.8* IPPs, SPPs, EC, WPS, RPS and DSO may make bids and offers if they have submitted physical nominations. The format of bids and offers will be the same as for generators.
- VII.3.9* Once posted, bids and offers prices and amount of MWs cannot be changed.
- VII.3.10* Bids and Offer submission:
- i. Bids and Offers may be submitted only for balancing units

- ii. Each Bid or Offer will be for a specific balancing unit and can consist of three bid prices related to the level set up in its Physical Nomination - below, at and above Physical Nomination
- iii. All Bids and Offers must be submitted by [13:00] on the day preceding the real time dispatch as stated in **Attachment C**

VII.3.11 Regulated Bid and Offer pricing – While the Albania electricity market consists only from very few participants and some are dominant, the ERE with the assistance of OST will develop and provide transfer prices (Simulated Market Prices) between generators and supply.

VII.3.12 Regulated bid and offer pricing will eliminate dominant participants to manipulate electricity market.

VII.3.13 Regulated bid and offer prices will be used as a reference by which regulated generators will price their bids and offers.

VII.4 Processing of Bids and Offers by Market Operator

VII.4.1 The timetable for processing bids and offers by OST Market Operator is in **Attachment C**.

VII.4.2 The OST Dispatch System Operator will accept bid or offer in order to match discrepancies between the sum of Physical Nominations and forecast for off take, and for carrying extra needed reserve.

VII.4.3 The OST Dispatch System Operator will issue Bid Acceptances and Offer Acceptances to operators of balancing units.

VII.5 Balancing Market Price Determination for Imbalance

VII.5.1 There will be only one balancing market price for each hour for calculating imbalances.

VII.5.2 For each hour the balancing market price for imbalances is calculated as a weighted average of the prices of all bid **or** offer acceptances needed for particular hour to alleviate the energy imbalance between physical nominations and forecast for off take.

VII.5.3 There will be acceptance only in one direction; an acceptance in opposite direction will be ignored

VII.5.4 The OST Market Operator will calculate and publish the balancing price for imbalance within 24 hours of completion of each settlement period.

VII.6 Settlement of Bids and Offers

VII.6.1 The OST Market Operator will credit the relevant trading participant account with offer delivery amount volume in MWH and payments and debit with the same volume and amount to the relevant generator or supplier for each settlement period.

VII.6.2 Non-delivery of bids and offers

- i. Bids and Offers may not be fully delivered due to generation unit failure or delivery can cause imbalance to the failing participant.
- ii. The non-delivery bid volume or non-delivery offer volume by failing participant is multiplied by the imbalance price and then adjusted by 0.25. This price will be paid by failing party to the settlement account.

VII.7 Day Ahead and In-Day Adjustments

VII.7.1 The OST may, subsequent to the preparation of a Weekly Plan for the Energy Week, make further adjustments to the generation and import schedule to meet daily energy demands.

VII.7.2 All Parties have an obligation to provide the OST with timely information on any factors that may affect the content of the Day Ahead forecast and, in particular, the Wholesale Public Supplier will use reasonable actions to provide to the OST its best estimate of hourly demand for the day ahead prior to the OST making its initial Day Ahead forecast.

VII.7.3 In the event updated day-ahead forecasts indicate that additional electricity is needed, in excess of what can be provided from all available sources, DSO will apply necessary load shedding in distribution system. In addition, load shedding may also be necessary if loads during a given day exceed the day-ahead forecasts.

VII.7.4 The OST will economically dispatch generating units to meet loads, and will implement import and export transactions, based upon the weekly planning as revised the Day Ahead period described in Grid Code.

CHAPTER VIII – RULES for ANCILLARY SERVICES

VIII.1 Introduction

- VIII.1.1* The OST carries full responsibility for procurement and management of Ancillary Services. The Ancillary Services include frequency control, regulation of active power through primary, secondary and tertiary reserves, and regulation of voltage and reactive power. The Grid Code provides all technical and commercial details for Ancillary Services.
- VIII.1.2* All generating units connected to the transmission system must participate in the primary regulation.
- VIII.1.3* Primary Reserve - Generating units shall provide primary regulation of frequency and active power at their own expense according to the technical requirements established in the Grid Code.
- VIII.1.4* Secondary Reserve - Each generator for secondary/active power regulation are required to provide the range of offered reserve power in MW and the gradient of power increase/decrease in MW/min
- VIII.1.5* Tertiary Reserve – This reserve is used in order to assist the secondary regulation by creating a required regulation range for it.
- VIII.1.6* Regulation of voltage and reactive power - In order to maintain security and integrity of the electricity system, the OST manages voltage levels in the transmission system and maintains them within acceptable margins provided in the Grid Code.
- VIII.1.7* The Grid Code determines the obligation of the generators and the technical capabilities of their generating units for providing ancillary services.
- VIII.1.8* Tariff Methodology for ancillary services is within the authority of the ERE.

VIII.2 Ancillary Services Annual Procurement Plan

- VIII.2.1* The Technical Grid Code determines the obligation of market participants to indicate in the annual power balance the technical capabilities of their generators for providing ancillary services.
- VIII.2.2* Tariff Methodology for ancillary services is within the authority of the ERE and ERE will issue regulated prices for generation units (the price of capacity and price of energy).
- VIII.2.3* The OST System Dispatch Operator shall estimate the required amounts of all ancillary services for the upcoming year and determine the financial amount for the provision of each individual service on an annual basis, as well as the total financial amount for the provision of all necessary ancillary services.
- VIII.2.4* Annually, based on information received from the market participants, the OST System Dispatch Operator will develop a list of generation units for provision of ancillary services, which will be approved by ERE.
- VIII.2.5* The OST shall contract for or arrange for the provision of such quantities and types of ancillary services, as may be necessary and appropriate under the Grid Code.

- VIII.2.6* In contracting or arranging for the provision of ancillary services the OST shall purchase or otherwise acquire ancillary services from the most economical sources available.
- VIII.2.7* In considering the most economical sources available, the OST shall have regard to the quantity, nature, and diversity and reliability of the Ancillary Services available at that time for purchase and to its requirements under the Grid Code.
- VIII.2.8* Ancillary services providers shall fulfill the term of their ancillary services agreements for the provision of OST System Dispatch Operator, power control and transmission of electrical energy through power system.

VIII.3 Ancillary Services Periodic Technical and Commercial Review

- VIII.3.1* The OST will assess the levels of the ancillary services to be required by undertaking the following steps:
- VIII.3.2* Each [June] the OST will submit to the parties and other interested parties a consultation document in which it will enquire as to:
- i. Whether the methodology which it has agreed with the ERE for assessing the levels of Ancillary Services remains valid
 - ii. Whether the assessed level remains appropriate in view of current demand and expected winter demand
 - iii. The likely rates of import and export of energy over the winter ahead
 - iv. The generating units likely to be available to provide the Ancillary Services
- VIII.3.3* In the month of [July] the OST will submit a report to the ERE detailing:
- i. The methodology the OST intends to apply in assessing the levels of the Ancillary Services required and the estimated value (in Leks) such Ancillary Services have for system security
 - ii. A justification for any changes the OST proposes to implement from those used in the previous year

VIII.4 Ancillary Service Cost Recovery

- VIII.4.1* Ancillary Service Cost Recovery is described in the Ancillary Service Tariffs.
- VIII.4.2* The Ancillary Service Tariff is prepared according to the ancillary service tariff methodology and approved by the ERE.
- VIII.4.3* Each generator unit that provided ancillary service will be compensated at the regulated price.

CHAPTER IX – RULES for CALCULATION OF IMBALANCES

IX.1 Imbalances against the Physical Schedule Nominations

IX.1.1 Energy Imbalance - Energy Imbalance is defined for Generating Units Account and for Supply Account

- i. For a Generation Account, Energy Imbalance is derived from:

Generation Account Metered Energy minus Generator contract position plus all bid delivery volumes for all balancing units registered to the account minus all offer delivery volumes for all balancing units registered to the account.

- ii. For a Supply Account, Energy Imbalance is derived from:

Supply account metered energy minus supplier contract position plus all bid delivery volumes for all balancing units registered to the account minus all offer delivery volumes for all Balancing Units registered to the account.

IX.1.2 Energy Imbalance Price is the price at which an energy imbalance will be settled

IX.1.3 The Energy Imbalance Price is a weighted average of all bid acceptances or offer acceptances that have been accepted to alleviate the energy imbalance

IX.1.4 Default Imbalance Price will be used if no actual imbalance price can be calculated or if there is an emergency condition. Default imbalance Price is a price calculated as a simple average of the immediately preceding 720 imbalance prices.

IX.1.5 The OST Market Operator will publish the Energy Imbalance Price within 5 hours of the completion of each settlement period.

IX.1.6 Each market participant shall take balance responsibility toward OST for its entire electricity production, purchase, import, export, sale or consumption.

IX.1.7 The Balance Responsible Party can represent other market participants or become the default balance responsible party.

IX.1.8 KESH – Gen can become a Balance Responsible Party by undertaking financial responsibility for the net imbalance of any market participant.

IX.1.9 Any market participant can sign a contract with the Balance Responsible Party for allocation of the balancing costs and costs for the provision of ancillary services. The contract shall be approved by ERE.

IX.1.10 Energy Imbalance revenue account is derived by multiplying the Energy Imbalance by the Energy Imbalance Price applicable to the Settlement Period.

IX.2 Default of Ancillary Service Providers

IX.2.1 In case the market participants do not deliver the necessary data for provision of ancillary services, the OST System Dispatch Operator will elaborate the current situation and propose to ERE the approach under which ancillary services will be provided.

IX.3 Notice of Disagreement

- IX.3.1* If the OST Market Operator gave a notice to the market participant related to breaching the Market Rules and associated Grid code and the participant does not agree with the notice then within 14 (fourteen) working days have to provide written notice of disagreement to the ERE and copy to the OST Market Operator.
- IX.3.2* The ERE shall accept this notice of disagreement and hold a formal hearing with regards of disagreement allowing each party to file documents pertaining to the notice
- IX.3.3* The ERE shall attempt to facilitate the disagreement to the satisfaction of involved parties

CHAPTER X – RULES for INTERCONNECTION CAPACITY ALLOCATION

- X.1.1* Determination of interconnection capacity availability - Parties acknowledge that the OST with approval from the ERE is responsible for determining the level of interconnection capacity available to the electricity market for both import and for export at each interconnection and when that interconnection capacity will be made available for sale.
- X.1.2* **Secure rights** – the OST shall reserve specified capacity of 25 % to the Wholesale Public Supplier and of 50 % to DSO. ERE may review and adjust these “Secure rights” according to this paragraph within November of each year.
- X.1.3* The remains of Interconnection Capacity are allocated in three tranches: annually, monthly and daily. The OST will notify the market ahead of the allocation of each tranche as to how much capacity will be available in each direction. The tranche determines the duration of the holding of rights as well as the frequency of allocation. Rights are allocated for each interconnection for both import and export and may also be traded between participants. Annual interconnection rights and monthly interconnection rights are allocated by auction. Daily interconnection rights are allocated pro rata to requests for such rights and are allocated on an interruptible basis, meaning that if, at any time, there is curtailment of the ability of an interconnection to flow the required volume of energy then daily interconnection rights will be curtailed first. Where, before the day, there is a requirement for further curtailment of rights then monthly interconnection rights will be curtailed before annual interconnection rights. All interconnection capacity rights are recorded for each party in its interconnection capacity account.
- X.1.4* Because super-position is to be allowed, a calculation of expected energy flows on the interconnection at each time of day will be made with contractual flows in both directions offsetting each other such that the amount of contractual flow that can be

- accommodated in each direction can be greater than the overall gross capacity in the interconnection to transfer energy.
- X.1.5* On a regional basis, the ability of an interconnection to transfer energy can also be curtailed if constraints within transmission systems reduce their ability to deliver or accept energy at the interconnection.
- X.1.6* The amount of transfer of energy across an interconnection in any hour of any day must therefore be determined by the System Operator on the other side of the interconnection.
- X.1.7* The OST Market Operator will set up the interconnection capacity account, which will be used to record interconnection capacity rights in the interconnection capacity register by type of capacity held (export or import status and whether the rights are annual, monthly or daily) at each interconnection.
- X.1.8* The interconnection access rights process consists of:
- i. Either party to the transfer submits an interconnection trade notice to the OST Market Operator that specifies:
 - a) How many MW
 - b) Which type of capacity (annual, monthly or daily)
 - c) Which interconnection
 - d) Which direction (export or import)
 - e) The range of settlement periods
 - ii. The OST Market Operator then notifies the market participant who then has until the time when nominations must be made for utilization of the rights for the first settlement period specified in the notification to register its acceptance of the transfer
 - iii. If no acceptance is submitted to the OST Market Operator then the entire transfer lapses, otherwise the OST Market Operator will put the appropriate credits and debits in the interconnection capacity accounts of each party.
- X.1.9* The OST Market Operator will each month notify all trading parties of interconnection trade notices in which they are involved that are pending, active, recently completed or recently lapsed.
- X.1.10* Annual and monthly Interconnection Capacity Auctions:
- i. Once each year and on monthly the OST Market Operator will notify parties of:
 - ii. The maximum export capacity and maximum import capacity that will be sold in the capacity auction for each interconnection
 - iii. The date on which the capacity auction will be held
 - iv. The date from which the interconnection rights will become available
- X.1.11* On receipt of an interconnection auction bid, the OST Market Operator will check its validity and will inform the party that either the interconnection auction bid has been accepted or the OST Market Operator believes that the bid is invalid.

- X.1.12* On the annual and monthly auction date the OST Market Operator will sort all accepted interconnection auction bids into direction of flow and into descending order of price and will then award the interconnection rights in the requested volume to the party with the highest interconnection bid price first and then to the party with the next highest interconnection bid price and so on until there is no further capacity available in the specified direction of flow.
- X.1.13* If there are two or more parties with the same bid and there is insufficient capacity then the available interconnection capacity will be awarded on pro rata basis.
- X.1.14* After the OST Market Operator has determined the interconnection capacity rights to be awarded to each party it will:
- i. Inform each bidder of the volume of annual or monthly interconnection rights it has been awarded under each bid submitted;
 - ii. Record the rights awarded to each party in the interconnection capacity register; and
 - iii. Asks for payments at the interconnection bid price
- X.1.15* The OST Market Operator will keep confidential all the prices offered and the volumes requested under each bid whether that bid is successful or otherwise except that parties acknowledge that the OST Market Operator may inform the ERE of all information relating to annual and monthly capacity auctions.
- X.1.16* Daily Interconnection Capacity Rights
- i. At [09:00] on Day - two, which is the Day that is two Days before the Day for which interconnection Capacity Rights will be made available, the OST will notify the parties as to the level of maximum export capacity and maximum import capacity that will be made available to market participants at each interconnection.
 - ii. After receiving the previous notification and before [09:30], the OST Market Operator will invite all market participants to submit requests for additional allocations of interconnection capacity before [14:00].
- X.1.17* The parties will be permitted to trade interconnection capacity rights with other parties according to the provisions in the OST procedure for Interconnection Capacity Trading.
- X.1.18* The parties are required to nominate their interconnection capacity in accordance with the OST procedure for Interconnection Capacity Nomination.
- X.1.19* Use-it-or-lose-it provisions shall apply, according to the provisions in the OST procedure for interconnection capacity allocation
- X.1.20* All interconnection capacity allocation rights purchased will be paid for in advance, according to the provisions in the OST procedure.

CHAPTER XI – SETTLEMENT RULES

XI.1 Responsibilities for Settlement for Contract Imbalances

- XI.1.1* The OST controls and manages any imbalance in the power system in real time utilizing the balancing electricity market capabilities.
- XI.1.2* The contract imbalances must be measured as the difference between metered energy and contracted energy for corresponding time interval.
- XI.1.3* For each generator and/or balance responsible party, the OST prepares a statement (daily, weekly and monthly) including all the information imbalances.

XI.2 Settlement Timelines

- XI.2.1* The data collection and validation by the OST will be completed within 5 days of the Dispatch Day and the following program of activities shall apply:
- i. Meter reading - Trading Day plus one day
 - ii. Hourly metered quantities are calculated – Trading Day plus five days
- XI.2.2* Actions after completion of trading month are:
- i. Trading month plus 6 days - The OST shall send to each participant monthly report with measured and calculated hourly data for trading month
 - ii. Trading Month plus 8 days - The participants may submit to the OST a complaint as to the monthly report related to accuracy of data
 - iii. Trading Month plus 10 days - If the OST considers the request justified, it issues a new monthly report and delivers it to participants. In case the OST considers the claim as unjustifiable, it notifies the participant about it and continues with settlement in accordance to valid monthly report.
- XI.2.3* In case of a dispute, the participant is obliged to pay the corresponding amount in accordance to instructions for issuance of invoices issued by the OST; the dispute does not delay the execution of obligations. After resolution of the dispute, the correction of the invoice will be made if needed.

XI.3 Settlement for Transition Period

- XI.3.1* Consequently for each generator account and supply account a metered amount must be determined. This occurs on the business day that is on or after [7] days after the day of the settlement day being evaluated.
- XI.3.2* Calculation of generation - Generator Account metered energy is derived from summing (from each balancing unit registered to the account) the difference between the meter readings at the end of the settlement period with that taken at the beginning period. For importing interconnections, it is taken from the summing the hour by hour confirmed interconnection nomination positions.

XI.3.3 For a Generation Account, Imbalance Energy is derived from:

- i. Generation Account Metered Energy **minus**
- ii. Generator Contract Position **plus**
- iii. All bid delivery volumes for all balancing units registered to the account **minus**
- iv. All offer delivery volumes for all balancing units registered to the account.

XI.3.4 Calculation of supply – There are two stage calculations of Supply Accounts.

- i. For each supply metering system where metering data for each settlement period is required (Eligible customers, SPPs, etc), the supply account metered energy is derived from the sum of:
 - a) Each balancing unit registered to the account
 - b) The difference between the meter reading at the end of the settlement period with that taken at the beginning
 - c) Summing the confirmed interconnection nomination positions
 - d) Adjusted by distribution losses and/or transmission losses so that calculation is effectively the same as for Generator Accounts
- ii. The percentages for distribution and transmission losses are provided and approved by the ERE
- iii. For DSO network, the DSO metered energy is derived from the metering at the interface between the transmission network and distribution system by taking reading at the end of the settlement period and comparing it with the reading at the beginning. From this is subtracted Wholesale Public Supplier metered energy.

XI.3.5 For a Supply Account, Imbalance Energy is derived from:

- i. Supply Account Metered Energy **minus**
- ii. Supplier Contract Position **plus**
- iii. All bid delivery volumes for all balancing units registered to the account **minus**
- iv. All offer delivery volumes for all balancing units registered to the account.

XI.3.6 Settlement day – in respect of each settlement period, the settlement day will be the business day that is [7] business days after the day on which the settlement period applied.

XI.4 Contents of Settlement Statement

XI.4.1 The OST Market Operator will establish the standard format for all the settlement statements - for the statements of Generators and Suppliers Accounts. After the ERE's approval, the OST Market Operator will make available this information for all the interested parties.

XI.4.2 Separately for each participant and for each day, the OST Market Operator prepares a daily Settlement Statement, which includes all the values that must be debited or

credited in the Settlement Account belonging to the participant. This statement includes at least the following information:

- i. The net value of the daily settlement
 - ii. The total quantity and the value corresponding to sum of participant's sales
 - iii. The total quantity and the value corresponding to sum of participant's purchases
 - iv. The values resulted by applying the OST charges
 - v. The values resulted by applying any other taxes
 - vi. The total net value that must be debited or credited in the OST Market Operator Account belonging to the participant
- XI. 4.3* The OST Market Operator transmits any daily Settlement Statement to each participant, before the end of the trading day.

CHAPTER XII – RULES FOR INVOICING AND PAYMENT

XII.1 General

- XII.1.1* Invoices will be delivered once a month by the OST Market Operator to participants and will clear all monies accrued for the preceding calendar month. Invoices will cover the following topics:
- i. Participants accounts for the balancing regulation
 - ii. Imbalance settlements accounts
 - iii. Transmission and use-of-system charges, including the ancillary services, in accordance with the Transmission Tariff Calculation Methodology approved by ERE
- XII.1.2* Invoices will normally be submitted by the 10th day of the next calendar month. Trading parties have 10 working days to pay all monies due.
- XII.1.3* The OST can establish procedures specifying the format of invoice and all supporting data.
- XII.1.4* The OST Market Operator performs the calculations for the daily electricity market settlement for each participant. The OST Market Operator determines the value of the daily settlements through the aggregation of the quantities multiplied by the prices for all the transactions concluded by the participant with the OST on the corresponding day as specified in the Grid Code.
- XII.1.5* The quantities corresponding to the purchases from the OST will be considered as negative, while the quantities corresponding to the sales to the OST will be considered as positive.
- XII.1.6* The OST Market Operator will debit, for a negative value, or will credit, for a positive value, the value of the daily settlement determined according to the internal procedures approved by the ERE.

XII.2 Invoices for Imbalance Settlement Account

- XII.2.1* Separately for each month (day) and for each participant the OST Market Operator prepares an invoice for Imbalance Settlement Statement.
- XII.2.2* A separate invoice line item will apply to each invoice charge type for each day imbalance settlement period. This includes all the values that were debited or credited in participants Imbalance Settlement Account for each day.
- XII.2.3* The OST Market Operator transmits the Invoice for Imbalance Settlement Account to each participant in maximum two (2) weeks from the end of the reference month.

XII.3 Invoices for Transmission and use-of-system (UoS) Charges

- XII.3.1* The OST prepares and issues invoices to all participants using transmission system network calculated by the tariffs approved by the ERE.

XII.4 Disputes on Invoices and Payments

- XII.4.1* Where a trading party raises a bona fide dispute as to an invoice amount, the undisputed amount is payable in all cases on the due date. In the case of sums owed by or to the relevant party account, payment must be made as invoiced with the disputed amount subject to ex post restitution.
- XII.4.2* Withheld payments in respect of an invoice query or overpayments accrue an interest at bank rate increased by 5 % between the due date and resolution payments.
- XII.4.3* Where the outcome of the invoice query is that it was not bona fide or else that, the OST had not acted reasonably in either managing the invoice query or else in calculating the payment in dispute then the annual interest rate will be bank rate increased by 5 %.
- XII.4.4* Interest is payable on cash sums representing the difference between the paid amount and the correct sum after dispute resolution and will either be payable by or to the OST as appropriate.
- XII.4.5* On resolution of an invoice query, payment must be made within three (3) Business Days from dispute resolution. After that date, interest on the outstanding amount will accrue annually interest at bank rate increased by 5 %.

CHAPTER XIII – SECURITY OF SUPPLY**XIII.1 Obligations (cross reference with Grid Code)**

- XIII.1.1* The Power Sector Law defines responsibilities and obligations dealing with security of electric power supply within the territory of the Republic of Albania. The Grid Code describes in details the implementation of the security of supply and obligations

related to public service activities as electricity generation, electricity transmission, electricity distribution and operation of electricity system.

XIII.2 Suspension of the Electricity Market, in part or in all, by the System Operator

XIII.2.1 Suspension of Trading Activities and required actions:

- i. The OST may, under conditions of force majeure such as a major power system disturbance, suspend the electricity market
- ii. An electricity generation shortage caused by loss of import or shortage of generations to meet load demand
- iii. Under these conditions the OST System Dispatch Operator will inform the OST Market Operator and Transmission Network Operators, the ERE, all market participants and all of the regional interconnected parties accordingly
- iv. Under these conditions the OST may refuse to accept or provide any forecast or any kind of submissions
- v. As soon as possible the OST System Dispatch Operator will inform the OST Market and Transmission Network Operators, the ERE, all market participants and all of the regional interconnected parties that the electricity market will be or has been restored and the time at which this has or will occur

XIII.2.2 Market participants compensation during suspension of the Electricity Market

- i. The suspension of the electricity market does not void any contract including bids and offers acceptances already made.
- ii. Any bids or offers acceptance already made for a settlement period during which suspension occurred will be deemed as a valid contracts and the OST Market Operator undertakes the reasonable estimates for the energy that would have been delivered under the electricity market conditions.
- iii. During the Electricity Market suspension the regulated balancing price will be used for delivered energy.
- iv. The bids and offers not yet accepted will be ignored for the duration of the suspension of the electricity market and the prices of such bids and offers will not be valid during the suspension

CHAPTER XIV – METERING

XIV.1 General (Cross reference to Metering Code)

XIV.1.1 The technical, design and operational minimum standard for metering systems used for metering the energy delivered or consumed by the market participants and to

derive the imbalances position resulting from the instructed is that determined in the metering code. The metering code has a role of setting out the requirement for commercial metering in order to operate the electricity market

XIV.2 Generator Meter Account

XIV.2.1 An account registered with the OST by a generator or importing trader for settlement purposes. The metered generator output and imported energy are recorded for each settlement period.

XIV.3 Demand-side Off-take Meter Account

XIV.3.1 Off-take meter account is registered by a supplier or trader for settlement purposes. The off-take metered output and exported energy are recorded in these accounts for each settlement period.

XIV.3.2 The following information will be kept for each off-take meter account:

- i. The meter system reference number allocated by the OST
- ii. The identity of the supplier
- iii. The identity of each physical meter required to register energy flow

XIV.3.3 The OST shall operate an electronic system that automatically interrogates the system supply meters in accordance with the Metering Code.

XIV.4 Energy Consumption Profiling

XIV.4.1 The OST will use reasonable actions to ensure the accuracy of all demand forecasts it makes and will rely on such information as it has available concerning forecast weather patterns and analysis of historic electricity consumption patterns as well as specific information that Parties may provide to it but the OST accepts no liability for the accuracy or otherwise of Day-ahead Demand Forecasts.

XIV.4.2 All parties have an obligation to provide the OST with timely information on any factors that may affect the content of the demand forecasts and, in particular, the Wholesale Public Supplier will use reasonable actions to provide to the OST its best estimate of hourly demand for the day ahead prior to the OST making its initial day-ahead demand forecast.

XIV.5 Autoproducers

XIV.5.1 For the autoproducers, at least three different meter values will be determined in each interconnection point:

- i. The gross production of the Autoproducer;
- ii. The gross consumption of the Autoproducer; and
- iii. The net quantity of electricity delivered to or from the OST transmission system or DSO

XIV.5.2 The net quantity of electricity delivered to or from the OST transmission system or DSO will be used to determine the imbalances and for settlement.

XIV.5.3 The OST shall operate an electronic system that automatically interrogates the generator or generator unit meters.

XIV.6 SPP – Small Power Plant

XIV.6.1 SPP – Small Power Plant can have metering arrangements for only a net meter position that is recorded for settlement as a cumulative summary of net generation and off-take being for the required period. For this reason, a metering system can have more than one physical meter with throughput summed or netted off as appropriate.

XIV.6.2 The OST shall operate an electronic system that automatically interrogates the generator or generator unit meters in each metering system of SPP – Small Power Plant used to supply metering data for each Settlement Period.

XIV.7 Eligible Customer Connected to the Distribution System

XIV.7.1 Eligible consumers have the right to conclude contracts at freely negotiated prices for electricity supply, when these customers are connected to high and/or medium voltage network and are equipped with commercial metering devices of electricity according to the Metering Code. These commercial metering devices have to provide possibility for electricity registering at the periods of settlement.

XIV.7.2 When the ERE determines that a consumer is an Eligible Customer and the equipment with the capability of registering the amount of the relevant data up to any point in time is not installed, the OST or (as the case may be) the DSO will immediately take steps to ensure that such equipment is installed as soon as reasonably possible.

XIV.7.3 The market participant may not exercise its rights as an Eligible Customer until such equipment is installed and is operational.

XIV.8 Obligations tied to Energy Recorded

XIV.8.1 The parties will be required to register relationships and configurations between meter data so that appropriate aggregation can be performed to facilitate electricity market in accordance with the relevant procedures.

XIV.9 Responsibility for Meter Reading

XIV.9.1 The OST shall operate an electronic system that automatically interrogates the meters in each Metering System used to supply Metering Data for each Settlement Period.

XIV.9.2 The OST shall take such actions as are reasonably required to otherwise implement and operate systems to interrogate meters and communicate all Metering Data relating to a Settlement Period in the timeframe required.

XIV.9.3 The OST shall publish, and maintain on a monthly basis on the OST website, a list identifying each Metering System for which automatic interrogation and/or communication is required but not installed and operated.

XIV.9.4 This list shall:

- i. Identify the Metering System concerned
- ii. Identify the Supply Account or Generating Unit Account to which the Metering System has been allocated
- iii. Identify the Settlement Period(s) concerned
- iv. Specify the reason(s) why the automatic system is not installed and operated
- v. Set out any other information which the OST Market Operator determines to be appropriate

XIV.10 Generator Metering System Failure or Outage

XIV.10.1 A metering system of a generating unit (KESH-Gen, or IPP or SPP) of which metering data has not been supplied shall be deemed for the purposes of settlement to have delivered or (as the case may be) off-taken that quantity of energy that the OST estimates, based on historical data and on the other metering data it has received, during the period for which metering data was not supplied.

XIV.10.2 A Metering System of a SPP, an Auto-producer or an Eligible Customer in respect of which Metering Data has not been supplied shall be deemed for the purposes of Settlement to have delivered or off-taken that quantity of energy that the OST estimates, based on historical data and on the other metering data it has received, during the period for which metering data was not supplied.

XIV.11 Demand-side Metering System Failure or Outage

XIV.11.1 A metering system of a customer of which metering data has not been supplied due to demand-side metering system failure or outage shall be deemed for the purposes of settlement to have consumed or withdrawn that quantity of energy that the OST estimates, based on historical data and on the other metering data it has received, during the period for which metering data was not supplied.

XIV.12 Responsibility for Metering Registers

XIV.12.1 The purpose of the Metering Register is the registration of network junction points and metering points.

XIV.12.2 The Metering Register will be a responsibility of the OST Transmission Network Operator, which will be in charge of updating, maintenance and administration, as well as be responsible for its safety and confidentiality. Before any modification that will affect the readings, the OST Transmission Network Operator must inform the OST Market and System Dispatch Operators. The metering register of the Retail Public Supplier is responsibility of the Wholesale Public Supplier.

XIV.12.3 The OST Transmission Network Operator is obligated to define all necessary data for the Metering.

XIV.12.4 Metering Register has to contain the following minimum data:

- i. Details on network junction points and the metering point (location, party in charge, identification codes and other relevant data) including all eligible customers
- ii. Metering installation equipment (manufacturer, type, model, serial number, manufacturing date and metering installation class; all data relevant for physical and technical specifications, standards, rated and maximum power, all information related to testing and start-up, which include test results and certificates and dates of calibrations and other relevant data)
- iii. Information on data communication (telephone numbers for data collection, information on other types of communication for data collection, types, serial numbers, technical specification of communication equipment and other relevant data)

XIV.13 Meter Account or Off-take Meter Account Transfer

XIV.13.1 Whenever a supplier seeks to become the qualified supplier of an Eligible Customer then the supplier must:

- i. Notify the Distribution System Operator of:
 - a) The identity of the Metering System planned for transfer
 - b) The planned supply transfer date, which must be not less than twenty [20] business days after the date of the notice
- ii. Warrant to the OST Market Operator that it has or will have a contract to supply this particular Eligible Customer.

XIV.13.2 Within five [5] business days of receipt of the notice submitted to the DSO, the DSO will notify the present supplier of the planned transfer including identification of the new supplier.

XIV.13.3 If there are no objections to the planned supply transfer and transfer date, the supply meter register will be changed by the DSO and new supplier will be the registered supplier from the start of that day. The DSO will notify the OST Market Operator, the present (previous) Supplier and the planned Supplier about completing these changes.

XIV.13.4 The OST Market Operator will ensure that meter reading data from the relevant meter account is aggregated into the supply account of the new supplier from the start of the day referred in the notice.

CHAPTER XV – GUARANTEES

- XV.1* The OST Market Operator has the right to request the parties to deposit guarantees before the respective party is registered as an Albania electricity market participant.
- XV.2* The guarantees deposited by a party registered as an Albania electricity market participant may limit:
- i. The total financial volume of offers which a participant may submit on the day ahead market
 - ii. The maximum size determined by the OST Market Operator for energy bids and offers
 - iii. The maximum size determined by the OST Market Operator for exports and imports
- XV.3* The guarantees deposited by the participant shall be equal to 5% of the projected maximum monthly physical schedule by this participants multiplied by 10 Leke/kWh or its equivalent in the agreed currency. Letter of credit should be also accepted instead of deposit.
- XV.4* The OST Market Operator will elaborate the procedures for determining the necessary and the types of required guarantees, as well as the procedures for realizing and verification of the deposit of the guarantees by the parties.
- XV.5* The procedures for calculating guarantees and control of deposits are subject to the ERE approval. After the ERE approval, the OST Market Operator will make available this information for all parties.
- XV.6* All market participants have obligation to fulfill the payments to OST transmission tariff and ancillary services as applicable.
- XV.7* Retail Public Supplier will open a central account at an Albanian commercial bank for payments owed to the OST, Wholesale Public Supplier and other supply providers.
- XV.8* Retail Public Supplier has priority obligation to fulfill its all payments to the OST, Wholesale Public Supplier for energy consumed by its tariff customers and DSO for energy required to cover distribution losses.
- XV.9* The ERE can approve any other ways of guarantees for payments as cash to be held in an escrow account or a guarantee from a reputable bank or other ways of guarantees from investors that equals to the security requirements if required.

CHAPTER XVI – DATA and INFORMATION EXCHANGE

- XVI.1* For communication with the OST, parties are bound by the grid code, which will specify SCADA requirements, response times and security.
- XVI.2* Communication for the settlement does not require the same level of immediate response and much of it is post-event communication.
- XVI.3* Each party shall be responsible for the provision and maintenance (at the cost of the party) of telephone, internet connection and facsimile.
- XVI.4* The following data and information will be available to all parties:
- XVI.5* Demand or withdrawal forecasting:
- i. DSO, Wholesale Public Supplier and, as the case may be, Qualified Supplier on behalf of Eligible Customers, will provide the OST with week-ahead load forecast for their customers on hourly basis. This load forecast will be updated on the day-ahead basis prior to gate closure.
 - ii. Wholesale Public Supplier will provide the OST with week-ahead load shedding forecast on hourly basis. This load shedding forecast will be updated on the day-ahead basis prior to gate closure.
 - iii. The OST will produce week-ahead forecast of the expected hourly demand. This demand will be updated on the day-ahead basis prior to gate closure. This forecast will include the losses of OST and DSO.
 - iv. These reports will be published on the OST website after they become available.
- XVI.6* Generation or injection forecasting:
- i. KESH-Gen, SPPs, IPPs and imports will provide the OST with week-ahead hourly generation expected output (or injection into the system) forecast which will be updated on day ahead prior to gate closure and in real time on the day hourly basis.
 - ii. The timing for submission will be in accordance with the Grid Code and relevant OST procedures
 - iii. These reports will be published on the OST website after they become available.
- XVI.7* Interconnection nominations:
- i. Participants who are expected to have import/export trades will provide nomination forecast on the day ahead basis in accordance with appropriate OST procedure
 - ii. These reports will be published on the OST website according to the relevant OST procedure and the market rules (subject to the nondisclosure of confidential information as provided in the present Market Rules).

XVI.8 The OST will produce the following information and publish them on its website:

- i. Forecast reserve requirements calculated by the formula from the Grid Code
- ii. Forecast for ancillary services calculated by the formula from the Grid Code
- iii. Available generation – the expected total available generation capacity
- iv. Maximum expected demand and the average hourly demand in MW for each month in calendar year
- v. Estimates of the system transmission losses in GWh on a weekly basis
- vi. Estimates of the system constraints in GWh on weekly basis
- vii. Details on any projected situations where the supply will be limited

CHAPTER XVII – MARKET INFORMATION

XVII.1 General

XVII.1.1 The OST shall make available to any market participants any information concerning operation of the electricity market not defined as confidential or commercially sensitive and may charge a reasonable fee to cover the cost of providing such information.

XVII.1.2 Market information may be held by a range of parties, for example by OST, DSO or Wholesale Public Supplier, who will hold a range of technical information as a result of their system operation responsibilities, including e.g.: demand forecast data, generation availability (both planned and unplanned), network and interconnection availability, load and future investment.

XVII.1.3 The format and the framework-content of the market offers, as well as the price scale for the electricity market, will be established by the OST Market Operator and approved by the ERE. This information will be made available by the OST to all interested parties.

XVII.2 Information Dissemination and Reporting

XVII.2.1 OST weekly settlement reports - On the first (1) financial day of each calendar week, the OST Market Operator issues a statement of account for the previous calendar week to each party owning a market settlement account.

XVII.2.2 The statement of account includes at least the following information regarding the corresponding market settlement account:

- i. The name of the account owner
- ii. The balance of the market settlement account at the beginning of the previous calendar week

- iii. Any values debited or credited in the market settlement account as a result of the payment obligations or cashing rights established according to the settlement rules
 - iv. The balance of the market settlement account at the end of the previous calendar week.
- XVII.2.3* OST monthly settlement reports - On the fifteenth (15) financial day of each calendar month, the OST Market Operator issues a statement of account for the previous calendar month to each party owning a market settlement account.
- XVII.2.4* The statement of account includes at least the following information regarding the corresponding market settlement account:
- i. The name of the account owner
 - ii. The balance of the market settlement account at the beginning of the previous calendar month
 - iii. Any values debited or credited in the market settlement account as a result of the payment obligations or cashing rights established according to the settlement rules
 - iv. The balance of the market settlement account at the end of the previous calendar month
- XVII.3 Information Policy**
- XVII.3.1* The OST must use its reasonable actions to ensure that it provides to all parties a sufficiency of information. It will publish on its (website) present and future electricity system assessments with sufficient details and at intervals agreed with the ERE in order to ensure that all parties are properly informed.
- XVII.3.2* The OST is responsible for preserving the confidentiality of data collected for energy system assessment and for operational purposes. This data may be commercially sensitive and confidentiality will be respected as per any bilateral agreement.

CHAPTER XVIII – DISPUTE RESOLUTION

XVIII.1 General Procedure

- XVIII.1.1* In case of a dispute between the parties in relation to the Market Rules and the Grid Code as defined in these documents the parties will attempt to, in good faith, to resolve a dispute in relation to issues concerning the Market Rules and the Grid Code.
- XVIII.1.2* In the case that the parties fail to agree to resolve the dispute, the same will be resolved in accordance to the Power Sector Law, the Market Rules and the Grid Code by the ERE.

XVIII.2 Notice of Dispute

XVIII.2.1 The ERE shall accept any written request to resolve a dispute arising directly or indirectly out of non-transparent and discriminatory behavior of parties active in the electricity market and which the ERE is authorized by the Power Sector Law to resolve.

XVIII.3 Dispute Resolution Process

XVIII.3.1 Any dispute between the parties will be processed in accordance of ERE Dispute Resolution Procedure.

XVIII.3.2 The ERE should reserve the right to nominate a special committee of experts and/or hire experts to address specific matters

XVIII.4 Dispute Relating to Settlement

XVIII.4.1 In case of a dispute, the participant is obliged to pay the corresponding amount in accordance to instructions for issuance of invoices issued by the OST. After final decision of the dispute is made the correction of the invoice will be made if needed.

XVIII.4.2 Appeals against the content of the trade confirmations are accepted only in the case of errors resulted from the actions of the OST Market Operator.

XVIII.4.3 Any appeal against the content of a trade confirmation must be submitted to OST not later than two (2) trading days after the transmittal of that trade confirmation by OST.

XVIII.4.4 The OST will inform the electricity participant about the acceptance or rejection of the respective appeal not later than two (2) trading days after the deadline specified in previous paragraph. In the case of acceptance, OST will transmit an adjusted trade confirmation to the electricity market participant.

XVIII.4.5 If, during the time interval specified in previous paragraphs, an electricity market participant does not submit any appeal against the trade confirmations received, then these are considered as accepted.

XVIII.4.6 Any submitted appeal does not exonerate the respective electricity market participant from fulfilling the obligations resulted from the disputed transactions.

CHAPTER XIX – PROCEDURES for MARKET RULES AMENDMENTS

XIX.1 General

XIX.1.1 These market rules may be changed in a same manner as enacted.

XIX.1.2 Amendment or modification of the Market Rules will take place upon instruction from ERE.

XIX.2 Market Rules Administration

XIX.2.1 The OST is administrator of the Market Rules and is responsible for their proper implementation.

XIX.2.2 The OST together with market participant will establish review committee. This committee shall review periodically the Market Rules. For this scope the Market Rules review committee shall be established. No review or modification of the Market Rules may be performed without prior discussions with the ERE and without the ERE's approval.

XIX.2.3 The review committee shall be managed by the OST.

XIX.2.4 The review committee shall continuously observe implementation of the Market Rules, take initiatives to review them, consider any requirements for modifications, submitted by parties, and send to the ERE for reviewing and approval.

XIX.3 Rule Amendment Proposals

XIX.3.1 Parties may raise issues concerning the Market Rules with the OST.

XIX.3.2 The OST will bring the issue to the attention of ERE.

XIX.3.3 ERE will decide whether the issue is worth pursuing.

XIX.4 Rule Amendment Process

XIX.4.1 The OST will prepare a draft of amendment or modification including legal drafting.

XIX.4.2 The OST on behalf of ERE will consult with parties on the amendment or modification.

XIX.4.3 ERE will decide whether to approve the amendment or modification and the date of implementation.

XIX.4.4 The OST will then modify the Market Rules according to the ERE instruction on that date.

XIX.4.5 The amendment or modification of the Market Rules will be published in the official newspaper and on the ERE and/or OST websites.

CHAPTER XX – TRANSITORY MEASURES

- XX.1.1* This Market Rules shall come into effect on the day determined in the ERE decision of approval and it shall be published in the Official Journal.
- XX.1.2* **Derogation** - The ERE can issue directions relieving the OST from full implementation of the Market Rules and/or establishing fully functioning Albania electricity market. Based on reasonable request these derogations may be granted until and not beyond end of December 2009. Beyond that date the full implementation of the Market Rules will be completed by OST.

Attachment A

**Terms and Definitions for Albania Market Rules
and
for Grid Code, Metering Code and Distribution Code**

TERMS	DEFINITIONS
Ancillary Services	All services necessary for the operation of a transmission or distribution system Ancillary Services usually include: Frequency response, regulation, load following, replacement resource, interruptible load, reserves, special protection schemes, reactive support, black start;
Auto-producer	An entity generating electric power of each at least 70% is directly used by the producer
Balancing market	A competitive market for bids and offers to provide balancing energy to ensure a real-time system balance in each hour
Balancing service	A service provided by a transmission system operator to compensate for imbalances of market participants
Bid	A bid by a trading party stating a price at which it will reduce level of generation or interconnection delivery if instructed by the OST through accepting the bid
Bid Acceptance	The instruction from the OST to operate for a time at below a party's Physical Nomination
Buyer	Means any market participant that purchase electricity from other market participants
Cogeneration	The combined production of useful electrical and thermal energy, which results in a significant energy saving compare to separated production
Confirmed Interconnection Nomination	Is a final interconnection flow nomination after any adjustments due to interconnection capacity restriction
Curtailement	A procedure to reduce load to meet resource constraints as applied to: customer(s), group of customers, distribution zone(s), DSO(s) and/or the entire power sys tem
Customers	Wholesale and final customers of electricity
Date of Accession	Effective date of party accession to the market rules

TERMS	DEFINITIONS
Delivery point	Means a point of the power system, equipped with one or more meters where electricity is delivered into the grid
Dispatch Operator	A division of the OST which schedules and dispatches system resources to meet electric load requirements and to assure reliable system operations
Dispatchable Generating Unit	<p>A generating unit that may be scheduled in the wholesale electricity market, which may be:</p> <ul style="list-style-type: none"> - Electricity hydro generating units (HPPs) directly connected to the transmission network - Electricity thermal generating units (TPPs) directly connected to the transmission network - Independent electricity hydro generating units (HPPs) directly connected to the transmission network - Electricity generating units generating electricity for their own needs and directly connected to the transmission network that might import/export the electricity from/to the network
Dispatching	The operation of the power system in order to maintain balances of generation, import/export and electricity consumption in national level by providing the system security and safety
Dispute	It has meaning in these Market Rules and technical codes as any difference arising between the OST and any party under or in connection with the Market Rules and technical codes.
Distributed generation	Generation plants connected to the distribution system
Distribution	The transport of electricity on medium voltage and low voltage distribution systems with a view to its delivery to customers, but not including supply
Distribution Code	A set of technical rules, which govern the operation of distribution network, and establishes conditions and terms of service provided by the DSO to the customers
Distribution System Operator DSO	A natural or legal person responsible for operating, ensuring the maintenance of and, if necessary, developing the distribution system in a given area and, where applicable, its interconnections with other systems and for ensuring the long term ability of the system to meet reasonable demands for the distribution of electricity;
Dynamic Data Declaration	The physical characteristics of generators and certain large customers that inform the OST as to how output can change at the relevant generating unit or off-take unit
Electricity	Means both, electric energy and electric power, unless the context requires otherwise

TERMS	DEFINITIONS
Electricity Market	Wholesale or retail commercial agreement to sale and purchase electricity in the power system in order to provide a reliable supply for the customers within the territory of the Republic of Albania
Electricity Regulatory Commission	the regulatory institution of electric power sector, which operates according to this Law
Eligible Customers	A customer that has the right to choose and sign a contract to purchase electricity from the licensed qualified supplier for the electricity he uses for his own needs
ERE	Shall mean the Albanian Electricity Regulatory Authority, which legal basis for the exercise of their responsibilities is provided by the Law No. 9072, date 22.05.2003 “On the Power Sector”, as amended
Final customers	Customers purchasing electricity for their own use
Force Majeure	An natural or social act or event occurred in the country as earthquakes, lightning, cyclones, floods, volcanic eruptions, fires or wars, armed conflict, insurrection, terrorist or military action, which prevent the licensee from performing its obligations under the license or other acts or events that are beyond the reasonable control and not arising out of the fault of the licensee, and the licensee has been unable to overcome such act or event by the exercise of due diligence and reasonable efforts, skill and care.
Generating Unit	A physical unit for the production of electricity
Generation	The production of electricity
Generation Account	An account registered with the OST by a generator or importing interconnection trading party for settlement purposes in which generator metered output and imported energy are recorded for each settlement period
Generation Company	A person licensed for carrying out the power generation activities
Generator Meter	A meter at a generating unit used for recording energy flow
Generator Meter Register	A register maintained by the OST in which each generating unit (except auto-producers and embedded generators) are registered in the Supply Meter Register
Generator	Legal person, holding a license for electricity generation
Grid Code	A set of technical rules, which governs the operation of transmission system

TERMS	DEFINITIONS
Horizontally Integrated Undertaking	An undertaking performing at least one of the functions of generation for sale, or transmission, or distribution, or supply of electricity, and another non electricity activity
Household Customers	Customers purchasing electricity for their own household consumption, excluding commercial or professional activities
Imbalance	<p>The difference between the energy flow defined by a bilateral contract (i.e. the physical schedule nomination) and the actual metered energy flow, for a particular hour</p> <p>A generator is in balance when his metered generation equals his contracted delivery, in a particular hour.</p> <p>A supplier (external or eligible/eligible customer/DSO) is in balance when his metered off take matches his contracted off take</p> <p>A generator is short when his metered generation is less than his contracted delivery</p> <p>A supplier (external or eligible/eligible customer/DSO) is short when his metered off take is greater than his contracted off take</p> <p>A generator is long when his metered generation is greater than his contracted delivery</p> <p>A supplier (external or eligible/eligible customer/DSO) is long when his metered off take is less than his contracted off take</p>
Integrated Electricity Undertaking	A vertically or horizontally integrated undertaking
Interconnected Systems	A number of transmission and distribution systems linked together by means of one or more interconnectors
Interconnection	A defined transmission line over which electricity can be traded with parties outside domain of the OST
Interconnection Agreement	A legal agreement between OST Market Operator and parties using interconnection for electricity trading
Interconnectors	The equipment used to link electricity systems
IPP - Independent Power Producer	A producer generator connected to the transmission system. All Albanian producers other than the Public Generation Company are IPPs.
KESH	The National Electroenergetic Corporation
KESH Gen	Shall mean a division of KESH licensed for the production of electrical power. KESH Gen shall initially be the Public Generation Supplier.

TERMS	DEFINITIONS
License	An authorization granted to a person according to third part of the Power Sector Law
Licensee	a person that holds the license according to the third part of the Power Sector Law
Long-term Planning	The planning of the need for investment in generation and transmission and distribution capacity on a long term basis, with a view to meeting the demand of the system for electricity and securing supplies to customers
Market Participation Agreement	The document signed by all parties who agree to be bound by the Market Rules
Market Rules	The rules regulating operation and management of the market, as well as commercial relations among license holders or parties that signed the Market Participation Agreement
Non-Household Customers	Any natural or legal persons purchasing electricity which is not for their own household use and shall include producers and wholesale customers
Offer	An offer by a trading party stating a price at which it will increase level of generation or interconnection delivery if instructed by the OST through accepting the Offer
Offer Acceptance	Is the instruction from the OST to operate for a time at above a party's Physical Nomination
Off-take	It is related to electricity taken from transmission or distribution network
OST	Shall mean the electricity system operator with three functions: electricity market operator, transmission system operator and system dispatch operator
Participant	Means a legal person licensed or otherwise authorized by the ERE to participate in the Albania electricity market with the specified functions
Party	means a signatory to the Market Participation Agreement
Person	A physical or legal person
Physical Nomination	The notification made to the OST by a trading party specifying intended MW delivery or off-take over a specified day

TERMS	DEFINITIONS
Power Generation	The production of electric power through transformation of different energy resources by a Generation Company
Power Sector Law	Means the Law No. 9072, dated 22.05.2003 “On the power sector” as it may be amended from time to time
Power System	An interconnected system consisting of electric plants, power lines substations and distribution equipment, intended for transmission or distribution of electricity to the customers
Producer	A natural or legal person generating electricity
Public Generation Company	A person licensed by the ERE for carrying out the power generation activities. As long as this company has not been established, this function is performed by KESH Generation Division
Qualified Supplier	a person licensed to supply electricity directly to Eligible Customers
Renewable energy sources	The renewable non-fossil energy sources (wind, solar, geothermal, wave, tidal, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases)
Retail Public Supplier	Shall be the licensed provider of electricity supply for tariff customers. If the Retail Public Supplier license is held by a company that is affiliated with the company holding the license for Distribution, there shall be structural and financial separation of the supply and distribution functions.
Security	Both security of supply and provision of electricity, and technical safety
SEE	the Electroenergetic System
Seller	Means any market participant that sell electricity to other market participants
Settlement period	A period of one hour starting on the hour over which energy delivery and contract delivery are measured
SPP - Small Power Plant	A generator connected to the distribution system of a capacity less than 5 MW
Standard parameters	The values of voltage and frequency level of supplied power to customers as defined by the regulations of power system operation approved by the ERE

TERMS	DEFINITIONS
Supply	The sale, including resale, of electricity to the customers
System users	Any natural or legal persons supplying to, or being supplied by, a transmission or distribution system
Tariff customer	The customer supplied by the Retail Public Supplier with regulated prices and tariffs
Tendering procedure	The procedure through which planned additional requirements and replacement capacity are covered by supplies from new or existing generating capacity
Third party access	The legal right of eligible customers and suppliers to use the transmission and distribution networks
Trader or Trading Party	The party that has signed the Market Participation Agreement in order to trade electricity
Transmission	The transport of electricity on the extra high-voltage and high-voltage interconnected system with a view to its delivery to final customers or to distributors, but not including supply
Transmission System	A system of lines, supporting structures, transforming and switching equipment used for the transmission of electricity
Transmission System Operator	A natural or legal person responsible for operating, ensuring the maintenance of and, if necessary, developing the transmission system in a given area and, where applicable, its interconnections with other systems, and for ensuring the long term ability of the system to meet reasonable demands for the transmission of electricity
UCTE	Means “Union for the Co-ordination of Transmission of Electricity”, the European association co-coordinating the interest of European transmission system operators and guaranteeing the security of interchanges between grids
Wholesale customers	Any natural or legal persons who purchase electricity for the purpose of resale inside or outside the system where they are established
Wholesale Public Supplier	Shall mean the entity that purchases the electricity supply required by tariff customers and sells that supply to the Retail Public Supplier.

Attachment B

Market Participation Agreement

This document is signed between the OST Market Operator and the party who agree to be bound by the Market Rules. The party/market participant agrees at all times to comply with the Market Rules and all associated technical codes, and the OST internal procedures and protocols needed to execute the electricity market.

WHEREAS:

I. Pursuant to the OST Market Operator's License, the OST Market Operator is required, with effect from [..... date.....], to have in force at all times the Market Rules document setting out the terms of the electricity market and to adopt as the document in force with effect from [..... date.....] the document designated by the **ERE**, for that purpose.

II. Pursuant to Third Part of the Power Sector Law the:

The **OST Market Operator**, being the holder of a **License** under Third Part "Licenses and Licensing Procedures" of the Power Sector Law;

The **OST Transmission Network Operator**, being the holder of a **License** under Third Part "Licenses and Licensing Procedures" of the Power Sector Law;

The **OST System Dispatch Operator**, being the holder of a **License** under Third Part "Licenses and Licensing Procedures" of the Power Sector Law;

The **KESH Gen**, being the holder of a **License** under Third Part "Licenses and Licensing Procedures" of the Power Sector Law;

The **Wholesale Public Supplier**, being the holder of a **License** under Third Part "Licenses and Licensing Procedures" of the Power Sector Law;

The **Retail Public Supplier**, being the holder of a **License** under Third Part "Licenses and Licensing Procedures" of the Power Sector Law; and

any **Qualified Supplier**, being the holder of a **License** under Third Part "Licenses and Licensing Procedures" of the Power Sector Law; and

any **Generator**, being the holder of a **License** under Third Part "Licenses and Licensing Procedures" of the Power Sector Law; and

any **Trader**, that **may** be the holder of a **License** under Third Part "Licenses and Licensing Procedures" of the Power Sector Law

or any other signatory of this agreement are required to be a party to the **Market Participation Agreement** being an agreement, by which the **Market Rules** is made binding between the parties to that agreement and to comply with the **Market Rules**.

III. The form of this agreement has been approved by the ERE on [_____date_____] as the **Market Participation Agreement**.

IV. The **Party** is entering into this agreement for the purpose of giving effect to and binding themselves by the **Market Rules**.

The Market Participation Agreement dated [day/month/year]:

The duly authorized representatives of the parties:

SIGNED for and on behalf of the **OST MARKET OPERATOR** by its legal representative:

Name of legal representative:

OST Address:

Telephone/Fax:

Email/web page:

SIGNED for and on behalf of **party** by its legal representative:

Name:

Name of legal representative:

Participant Address:

Telephone/Fax:

Email/web page:

Attachment C**Physical Schedule Nomination Timetable**

The timetable for market operation including physical schedule nomination and bid and offer submission and subsequent bid acceptance and offer acceptance in respect of any day is as follows:

- 10:00** On the day ahead, the OST publishes its day-ahead demand forecast for each settlement period. This will be in the form of both the level of aggregate demand in MW as well as the required reserve margin in MW
- 11:00** Qualified Supplier and Traders submit their initial interconnection flow nomination to the OST Market Operator
- 11:30** The OST Market Operator notifies Qualified Supplier and Traders of the status of their interconnection flow nominations in terms of whether there is surplus interconnection capacity or deficit interconnection capacity
- 12:00** Deadline for acceptance of revised interconnection flow nominations
- 12:30** Confirmed interconnection nominations by the OST Market Operator as interconnection physical nominations and notified to the affected Qualified Supplier and Traders
- 13:00** Submission of all other physical nominations to the OST Market Operator;
- 13:00** Submission of bids and offers to the OST Market Operator;
- 14:00** On the day ahead until [24:00] on the day OST Market Operator accepts bids and offers to balance the system depending on notified imbalances resulting from physical nomination data and from changes in dynamic data parameters notified;