

**Approved with Decision of the Board of Commissioners No. 67; date 04.11.2005**

**The Republic of Albania  
Albanian Electricity Regulatory Authority**

**LICENSE  
of Qualified Supplier for  
Eligible Customers supply**

Series: \_\_\_\_\_ License No: \_\_\_\_\_

Effective Date: \_\_\_\_\_

License Issued To: \_\_\_\_\_

Company: \_\_\_\_\_

Fiscal Code: \_\_\_\_\_

Registration Certificate: \_\_\_\_\_

Under the authority granted to it pursuant to the Law “On the Power Sector” No. 9072, dated 22.05.2003, with Decision from the Board of Commissioners No. \_\_\_\_\_ date \_\_\_\_\_, the Albanian Electricity Regulatory Authority ( ERE”) grants this Qualified Supplier License for Eligible customer supply to the subject \_\_\_\_\_. This License is effective for the period from \_\_\_\_\_ until \_\_\_\_\_ , unless terminated or suspended by the ERE in accordance with the License Conditions contained herein.

\_\_\_\_\_  
[Chairman]

[Seal of ERE]

**The Republic of Albania**  
**Albanian Electricity Regulatory Authority**

**CONDITIONF OE THE LICENSE OF QUALIFIED SUPPLIER FOR  
ELIGIBLE CUSTOMERS SUPPLY**

Series: \_\_\_\_\_ License No. \_\_\_\_\_

Issued to: \_\_\_\_\_  
(Full name of Licensee)

**1. General Provisions**

- 1.1 The ERE is the only authority in the Republic of Albania, recognized under the Third part of the Law No.9072 dated 22.5.2002 “On power sector” to issue and declare the effectiveness of this License.
- 1.2 If any condition of the License is abrogated, that condition shall be deleted from the license conditions and the remaining license conditions shall continue in full force and effect.
- 1.3 No transfer of assets, in whole or in part, shall be made to any Person without the prior written decision of the ERE. When approves the transfer ERE may change the Licensing period of other Licensing conditions by presenting the reason for that.
- 1.4. ERE has the exclusive right to amend it if the terms and conditions have changed. ERE reserves specifically the right to amend this License so that it complies with the dispositions of the Code of Transmission, Code of Distribution, Metering Code and Market Rules approved from ERE based on the legislation in Force.
- 1.5. The following words and phrases used in the License, in Licensing conditions and Annexes when capitalized, shall have the meaning set forth below:

<b>Ancillary Services</b>	<p>Services required to maintain the established standards of safety, reliability and quality of electricity. Ancillary Services include:</p> <ul style="list-style-type: none"> <li>- Reactive power compensation for Users to preserve the standard levels of voltage and reduce the losses in the network.</li> <li>- Power-frequency control and the reserves related to it.</li> <li>- Settlement compensation and allocation of capacities in the interconnection lines.</li> </ul>
<b>Associated Business</b>	<p>Any other business which, directly or indirectly, in whole or in part:</p> <ol style="list-style-type: none"> <li>1. is owned by Licensee; or</li> <li>2. owns Licensee; or</li> <li>3. is owned by a Person which is owned by Licensee.</li> </ol>
<b>Authorized Authority</b>	<p>Geographically limited region specified in Annex A to this License within which Licensee is authorized to perform the Licensed Activity.</p>
<b>Charges for Use of Electric Energy Distribution Network by Qualified Suppliers (TPRSH)</b>	<p>Charges that Licensee may impose for the use of its Distribution Network facilities by Qualified Suppliers for delivery of power to Eligible Customers as may be approved by the ERE from time to time.</p>
<b>Charges for Use of Electric Energy Distribution Network by Qualified Suppliers (TPRT)</b>	<p>Charges that Licensee may impose for the use of its Transmission Network facilities by Qualified Suppliers for delivery of power to Eligible Customers as may be approved by the ERE from time to time.</p>
<b>Cross Subsidies</b>	<p>Transfers of funds or allocations of costs within the accounts of Licensee or among Associated Businesses for financial support of one activity or business at the expense of another.</p>
<b>Distribution</b>	<p>Transport of electric power on medium-voltage and low-voltage distribution networks considering the distribution to the final customer.</p>
<b>Distribution System (DS)</b>	<p>The distribution network includes busbars, switching equipment and transformers in 110/35/20/10 kV substations and all elements in less than 110 kV voltage level owned by Distribution Companies.</p>

<b>Transmission System (TS)</b>	The Electricity Transmission System is a set of high voltage electric lines (110 kV, 150 kV, 220 kV, 400 kV), electric transformers or any other installation, which function includes electricity transmission or interconnection.
<b>Active Electricity</b>	<p>Active Electricity is the active power generated or passing in an electric circuit during a time interval, with the defined integral of the active power being in time limits.</p> <p>Metered with Watt-Hour unit or standard multiplications:  1000 Wh = 1 KWh  1000 KWh = 1 MWh  1000 MWh = 1 GWh  1000 GWh = 1 TWh = <math>10^{12}</math>Wh</p>
<b>Reactive Electricity (Varh)</b>	<p>Reactive Electricity is the defined integral with time limits of reactive power metered with Volt-ampere reactive- hour unit or standard multiplications:  1000 VArh = 1 kVArh  1000 kVArh = 1 MVArh  1000 MVArh = 1 GVArh  1000 GVArh = 1 TVArh = <math>10^{12}</math>Varh</p>
<b>Eligible Customer</b>	A Customer that has the right according to the legislation in force or the effective regulations to choose the qualified supplier of electricity for its own needs.
<b>ERE</b>	Electricity Regulatory Authority is the regulatory body of the electricity sector that operates according to the Law No.9072, dated 22.5.2002 “On Power Sector”.
<b>Legislation in Force</b>	The Laws of the Republic of Albania enacted by the Parliament and in effect actually, as well as all the other secondary acts.
<b>License for supply with electricity of Eligible Customers</b>	An authorization given to a person recognized under the Third part of the Law No.9072 dated 22.5.2002 “On power sector” to carry out the activity of supply with electricity to Eligible Customers.
<b>Licensed Activity</b>	The required activities with the aim to supply with

electricity within the Authorized territory with unregulated tariffs to eligible customers.

<b>Licensee</b>	The Person that holds this License recognized under the Third part of Law No.9072, dated 22.5.2002 “On power sector”.
<b>Person</b>	“Person” shall mean any physical or legal person.
<b>Regulated Tariff</b>	A tariff that is actually effective approved from ERE, based on the legislation in Force and Rules and Procedures of ERE.
<b>Regulations and Rules</b>	Standards, codes, regulations, orders and other prescriptions in force approved by the ERE.
<b>The Code of Transmission of electricity</b>	The Code of Transmission of electricity is a document that determines the relations between TSO and the user and establishes the procedures for operation and development of the Transmission system in compliance with the developments in the Albanian and regional market of electricity.
<b>The Code of Distribution of electricity</b>	The whole technical rules that regulate the functioning of the distribution network and that decide the terms and conditions of the service of distribution companies for customers.
<b>The Metering Code of electricity</b>	The metering Code determines the minimum technical demands of construction and use of the metering system of electricity, which will be responsible for metering, registering and collection of data and implementation of relevant procedures according to the Market Rules of electricity, agreements between the parties and the legislation in Force.
<b>The Market Rules</b>	Are the rules of operation and managing the market, and the trading relation between the carriers of the license.
<b>Regulation fee</b>	The regulation fees decided by ERE for the licensed activities that are subject to regulation.

<b>Methodology for calculation of service charges for Transmission and Distribution</b>	The procedures for calculation of Tariffs (TPRSH) set for the licensee for the facilities of DS and TS.
<b>Generator</b>	A person licensed to perform electricity generation activities.
<b>Transfer</b>	Transfer shall mean any sale, lease, exchange or other disposition, in whole or part, of the right to engage in Licensed Activity.
<b>Transmission System Operator (TSO)</b>	The Licensed person responsible for transmission and dispatching activities and the process of controlling the operation of generation plants and other power industry facilities and the resources to provide system stability, security, reliability, safety and efficient operation of the power system.

## **2. Carrying out the Licensed Activity**

- 2.1 Licensee that will be referred as the Qualified Supplier is authorized by this License to conduct the Licensed Activity inside the territory of the Republic of Albania to supply the Eligible Customers.
- 2.2 The Qualified Supplier will carry out the Licensed Activity in compliance with principles of economic efficiency and the objective of reaching the lower cost.
- 2.3 The Qualified Supplier shall not engage in other activities, which impede or may impede the proper performance of the Licensed Activity. Licensee shall inform the ERE before undertaking any activity, other than the Licensed Activity. ERE may prohibit Licensee from performing any activity in the electricity sector other than the Licensed Activity, or can impose conditions, necessary to protect the Eligible Customer, for carrying this activity.
- 2.4 The Qualified Supplier shall inform the ERE of the establishment of any Associated Business. The ERE may impose other conditions in the license based on the specific case, if ERE evaluates that the establishment of this business harms the customers.
- 2.5 The Qualified Supplier shall not impede, prevent or attempt to prevent other licensees or potential competitors from lawfully engaging in or entering the electric business in the Republic of Albania.

### **3. Obligations of the Licensee**

- 3.1 The Qualified Supplier shall comply with the provisions of the Legislation in Force and ERE's Regulations and Rules.
- 3.2 The Qualified Supplier shall begin its activity within one year of taking the license, otherwise this license will be considered null and void.
- 3.3 Within 15 days from the beginning of the activity, the Qualified Supplier shall deposit in a bank guarantee form, an amount that guarantees the continuance without interruption of its activity.
- 3.4 Apart from the form of this financial guarantee it should not be in any case less than the amount necessary for implementation of the contract with the Eligible Customer in function of 30 calendar days.
- 3.5 The relations of the Qualified Supplier and the Eligible Customer shall be regulated in compliance with the requirements of the legislation in force.

### **4. Obligations for metering**

- 4.1 The Qualified Supplier will not supply with electricity the Eligible Customer without being equipped with electric meter for billing purposes, which will comply with all the standards and conditions stated in the laws and norms in force.
- 4.2 The Qualified Supplier shall provide all the components of the electric metering system to be sealed according to the requirements in the Metering Code.
- 4.3 The Qualified Supplier shall verify and maintain periodically the metering system following the determined program by the regulations in force for metering, or in any time when necessary. The Qualified Supplier shall be responsible for all the expenses that have to do with the establishment or substitution, apart from cases when it has been ascertained that it is for Eligible's Customer fault or by an agreement between the parties.
- 4.4 In cases of written notifications from the customer for the damage of the meter or any mistake in reading the meter, the Qualified Supplier will provide the verification of the equipment in an authorized or certified metering lab, or in agreement and in presence of the customer shall make the verification in the installed place. The Qualified Supplier shall re-establish with its own expenses, the meter found with mistakes not later than 10 calendar days from the registration date of the written notification from the customer.
- 4.5 The Qualified Supplier will keep a data base system for the evaluation of electricity consumed by the customers for whom the actual readings are not in order; in compliance with the legislation in force and the regulations approved by ERE.

- 4.6 The Qualified Supplier shall determine the consumption for each electricity hour for Eligible Customers supplied by him through metering, evaluation of hourly load or between any other methods accepted by the parties.
- 4.7 The Qualified Supplier shall get the approval of ERE for the methods and procedures used to determine and evaluate the consumption of electricity.

## **5. Reading, review and transmission of the data of electric meter**

- 5.1 The Qualified Supplier after the monthly reading of meters of each eligible customer and respective billing of this quantity of electricity shall send to the transmission system operator every month according to the rules in force, data related to the amount of consumption of electricity of all Eligible Customers that are supplied by the Qualified Supplier.
- 5.2 The Qualified Supplier shall make the hourly reading of the meter and inform TSO when asked and every month.

## **6. Prevention of electricity fraud and damage of meters and interferences**

- 6.1 The Qualified Supplier shall take measures that are reasonably practical to prevent and find out:
  - a. Fraud of electricity from supplied customer or others.
  - b. Damage of equipment or meters that are used for supply of electricity of customers.
  - c. Interference in electric meters that supply customers with electricity
- 6.2 Within 24 hours of the incident discovered the Qualified Supplier shall inform the distribution company/ transmission operator inflicted about any accident, which in his opinion may have caused damages in the electric equipment.
- 6.3 The Qualified Supplier shall inform the network operators for any incident caused voluntarily from a person or in the presence or the illegal use of the network to permit the investigation of the incident and the solving of the safety problems related to it.
- 6.4 The Qualified Supplier shall inform the network operators for planning the activities that have to do with the prevention of illegal activities and shall specify the circumstances where he can ask for switch off (disconnect) to the customer found guilty.

## **7. Quality of service**

- 7.1 The Qualified Supplier shall build and develop its activity in compliance with the Grid Codes and Distribution to complete the indicators of quality and performance.
- 7.2 The Qualified Supplier is responsible for the non-realisation of service in compliance with the quality indicators stated in the Management Plan and in the Code of Distribution Code.

## **8. Accounts and Reports**

- 8.1 Licensee shall keep accounting records and prepare financial statements, which shall be kept separately for the Licensed Activity and any other activities (including other licensed activities) in accordance with articles 23 and 33 of the Law No. 9072, dated 22.05.2003 “On the Power Sector”.
- 8.2 Licensee is required to prepare and submit to the ERE by March 31 of each year and every time within the determined deadline when judged appropriate from ERE, an annual report relating to its operations in the previous calendar year and containing the following:
- a. a summary and analysis of the Licensee’s supply activity;
  - b. the sellings of electricity and the data for payment of bills during the year ;
  - c. quality of supply and the details for each measure taken to improve the supply service in the zone;
  - d. each interruption of the electricity;
  - e. a summary and analysis of the contracts signed for the buying and selling of electricity in force during the year that is being reported
  - f. the table of data performance as stated in the Distribution Code;
  - g. the financial balance sheet of the licensees activity.
- 8.3 The Qualified Supplier should be asked to make public the abovemention information in ERE, when this information is considered with interest to the customer from ERE. Exceptionally the publication will not be asked in the cases when with the request from the license, ERE decides that compliance with the public opinion from the publication of the information does not justify the possible commercial damage to the licensee.
- 8.4 The Qualified Supplier has the obligation to inform ERE for every conflict of liscense conditions within 7 working days from the ascertaining of the conflict from the licensee.
- 8.5 The Qualified Supplier shall submit to the ERE, with ERE’s request, in the form and within the set deadline by ERE, every information necessary for ERE.
- 8.6 The Qualified Supplier shall divide the common expenses between his Licensed Activity and other activities (including the licensed) in reasonable bases in compliance with paragraph 8.1 and 8.2 of this License and the generally accepted business practices. The Qualified Supplier will present to ERE the documentation that presents the bases for unbundling of common and the results reached.
- 8.7 Licensee shall notify the ERE within 10 days of any change in:
- a) address;
  - b) the Licensee’s statute;
  - c) registration certificate;
  - d) fiscal code;

e) senior management.

8.8 If the Qualified Supplier predicts an emergency situation as stated in the Legislation in Force, the Qualified Supplier will notify immediately ERE and this notification will describe what measures will be taken by the Qualified Supplier to prevent or improve the impacts of the predicted emergency situation.

8.9 All the official notifications, applications, petitions, claims or other correspondence with the ERE associated with the obligations under this License should be in writing.

## **9. Use of Information**

**9.1** The Qualified Supplier shall ensure that any information obtained from others as a result of its Licensed Activity shall not be revealed to anyone, except in cases when:

- a. the prior written consent of the Person to whose affairs the information relates is given; or
- b. the information is already known to the public; or
- c. Licensee is required or permitted to disclose the information to comply with these License Conditions, according to an order of the ERE, or any applicable legal provision.

9.2 The Qualified Supplier shall ensure that any Associated Business does not use any information in Licensee's possession to gain an unjustified competitive advantage, and shall ensure that it does not disclose any information to any other Person (including those of another Associated Business) that could enable that Person to obtain any kind of unjustified commercial advantage.

9.3 Information provided to the ERE by the Qualified Supplier shall be considered public unless, upon specific request of Licensee, the ERE by formal decision ascertains that certain information is of a proprietary nature and that its disclosure will not justify or compensate the potential commercial loss caused to the Licensee.

9.4 The Qualified Supplier shall respect all the Rules and Regulations applied by the Transmission System Operator and the Distribution Companies approved by ERE, including the implementation of all the operative orders, instructions or guidances and the submission of all the technical information and all the technical requested information.

## **10 Regulation fees**

10.1 The Qualified Supplier will make the regulation fee on regular and continuance bases during the deadline of this License, as determined by ERE recognized by Article 12 of the Law No. 9072, dated 22.05.2003 "On the Power Sector" and ERE regulations in force.

**10.2** Qualified Supplier does not make the regulation fees according to paragraph 10.1 within the deadline required by ERE, then he will be penalized

according to Article 64 of the Law No. 9072, dated 22.05.2003 “On the Power Sector”.

## **11. Charges for Use of Electric Energy Distribution and Transmission Network**

The charges of TPRSH and TPRT shall be regulated and approved by ERE in compliance with the respective methodologies approved by ERE.

## **12. Access in the distribution and transmission network**

- 12.1 The licensees are provided access to the Distribution and Transmission network to connect and use their facilities, for the Eligible Customers, on a fair, reasonable and non-discriminatory base.
- 12.2 Within 30 days from taking the request from a Qualified Supplier, the distribution company or TSO will reply by providing to the applicant the information regarding the use of its distribution facilities or other services, including also detailed information on the technical conditions, services and additional permits, the requests for metering of electricity, elaboration of the information, payment, terms and conditions of the agreement. The Qualified Supplier must charge addition payments for the carrying out of this information.
- 12.3 The Qualified Supplier shall pay the applicable charge for the connection. The Qualified Supplier shall pay the applicable payments of the connection by paying the whole amount or monthly payments in equal parts for a determined period stated in the agreement connection for not less than six (6) months.
- 12.4 The Qualified Supplier may have suspended the service provided by the distribution company or TSO in compliance with the the transmission, distribution code and rules and regulations in force, for each period of time during which its action or non-action threatens the security, stability or quality of operation in the Distribution network or the services provided by the other customers or suppliers, or during emergency situations in supply with electricity as stated in the Legislation in Force.

## **13. Control over the performance of the Licensed Activity**

- 13.1 The ERE shall monitor the Qualified Supplier’s compliance with terms and conditions of this License, review reports obtained from the Licensee and, at any time, may inspect Licensee’s accounting records and require a technical and/or accounting audit of Licensee’s activities.
- 13.2 Authorized representatives of the ERE may inspect Licensee’s construction site, its equipment and documents to verify the carrying out of Licensed Activity in compliance with terms and conditions of this License and ERE Regulations and Rules. The Qualified Supplier shall provide any required assistance necessary for the ERE during the said inspection.

- 13.3 Upon the verified complaint of any third party or upon its own motion, the ERE may initiate an investigation of the Qualified Supplier's compliance with conditions of this License or Regulations and Rules approved by the ERE.
- 13.4 The Qualified Supplier shall inform the ERE of any violation of License Conditions within one week from such violation becoming known to Licensee, providing an explanation and reasons for such violation.
- 13.5 The Qualified Supplier shall obey decisions issued by the ERE, including the payment of fines imposed by the ERE, in accordance with the Legislation in Force, ERE Regulations and Rules and these License Conditions.

#### **14. Amendmends to License**

- 14.1 The ERE may amend the conditions of the License in case they do not comply with:
- a. Legislation in Force
  - b. Decisions issued by the courts of the Republic of Albania.
- 14.2 At any time, either the Qualified Supplier or the ERE may propose any other amendments to conditions of this License, in addition to those stipulated in paragraph 8.1, by transmitting a written proposal together with any supporting arguments, to the other party.
- 14.3 ERE will reach the final decision only after has been taken into consideration the interests of customers and other licensees. The interested parties will be informed in a written form for every proposed amendment. If the Qualified Supplier and the Licensee will reach an agreement on these amendments, the Licensing Conditions will be amended. If the agreement is not reached it can be appealed to the court.

#### **15. Withdrawing of License**

- 15.1 ERE may revoke the license to the licensee in compliance with of the Law No. 9072, dated 22.05.2003 "On the Power Sector" and ERE's Rules and regulations in cases when:
- a. the Qualified Supplier asks for the revoke of the License:
  - b. the Qualified Supplier the Conditions of the Licensee, one or more obligations of this license;
  - c. the Qualified Supplier violates the Legislation in Force;
  - d. the Qualified Supplier is declared bankrupted or unable to fulfill the License Conditions
  - e. the Qualified Supplier has taken the license by fraud
- 15.2 If the Qualified Supplier changes its legal status or the shareholder controlling interest is changed without a special authorization from the ERE, the License becomes null and void and the successor of the Licensee shall apply for a new license in compliance with the ERE' procedures for license issuance.

## **16. Solving of disagreements and the Right of Appeal**

- 16.1 Every discussion case or request between the Licensee and each User of the Transmission system related to the Dispatch Activity or Licensing Conditions will be solved as much as possible with agreement, in compliance with the Legislation in Force and the rules and Regulations of ERE.
- 16.2 If the solution is not reached through an understanding, then ERE with a petition from each person that is part of this disagreement will solve it and reach its decision in compliance with the Legislation in force and Rules and Regulations of ERE.
- 16.3 The Qualified Supplier may appeal the decisions of ERE to court within 30 days after it has been published in the Official gazette in compliance with Article 9 point 4 of the Law No. 9072, dated 22.05.2003 “On the Power Sector”.
- 16.4 The Qualified Supplier must obey to the temporary decisions of ERE while waiting for the Appeal Court.

Republic of Albania  
Electricity Regulatory Authority

**LICENSE**

**of Qualified Supplier for  
Eligible Customers supply**

\_\_\_\_\_  
(Full name of Licensee)

Series: \_\_\_\_\_ License No: \_\_\_\_\_

Effective Date of the present Annex: \_\_\_\_\_

**ANNEX A**

**AUTHORIZED TERRITORY FOR THE LICENSED ACTIVITY**

(The Qualified Supplier \_\_\_\_\_, is authorized to carry out the activity of supply  
electricity to Eligible Customers in the territory of the **Republic of Albania**)