

**Approved by ERE's Board of Commissioners Decision No. 71, date 24.06.2008**

The Republic of Albania  
Energy Regulatory Authority

LICENSE

FOR THE ACTIVITY OF

RETAIL PUBLIC SUPPLY OF ELECTRIC ENERGY

Series: \_\_\_\_\_ License Number: \_\_\_\_\_

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

(ERE Decision, No. \_\_\_\_\_, date \_\_\_\_.)

License Issued To: \_\_\_\_\_  
(Name and legal address)

Fiscal code: \_\_\_\_\_

Registration Certificate: \_\_\_\_\_  
(Series, Number, Place of Registration)

Under the authority granted to it pursuant to the Third Part of the Law No.9072, dated 22.05.2003 "On the Power Sector", the Albanian Energy Regulatory Entity ("ERE") grants this Retail Public Supplier License ("License"), to perform the activity of Retail Public Supplier ("RPS") at regulated tariffs to the above-named natural or legal person, hereinafter "Licensee", subject to the License Conditions attached to this License. This License is effective as of the date above written and will continue in effect for a period of 5 years, unless terminated by the Licensee or withdraw by the ERE in accordance with the License Conditions contained herein.

[Chairman]

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[Seal of ERE]

The Republic of Albania  
Energy Regulatory Authority

LICENSE CONDITIONS

LICENSE

For

RETAIL PUBLIC SUPPLY OF ELECTRIC ENERGY

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 Third Part of the Law No.9072, dated 22.05.2003 "On the Power Sector ", to issue and declare the effectiveness of this License.
- 1.2** If any condition of this License ceases to be effective, 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 this License, in whole or in part, shall be made to any other Person without the prior written approval of the ERE. When approving a transfer, the ERE may modify the license period or other License Conditions upon good cause shown.
- 1.4** Notwithstanding Article 19 of the Power Sector Law, the ERE may amend the License in the following cases:
  - a.** need for guaranteeing national defense and security as well as the public order after taking into consideration the position of the cognizant state authorities;
  - b.** need for guaranteeing the reliability and uninterrupted electricity supplies to consumers;
  - c.** risk of taking citizens' lives or impairing their health, as well as of impairing the environment or of damaging third parties' property, when the hazard does not necessitate revoking the License;
  - d.** a clear factual mistake has been made in the license; or
  - e.** a change in the Albania law applicable to Licensee that materially increases the cost of providing the level of service required under this License without provision for the recovery of such costs by Licensee.

**1.5** Licensee may request an amendment to this License by submitting a detailed written request and justification of the requested amendment. Such a request may be granted only if the Licensee can show that the amendment will not lead to lower quality service, or higher prices and tariffs, for Licensee's customers and users. In any case ERE will carry out a modification process according to Article 19 of the Power Sector Law.

**1.6** Licensee may file to ERE a written request for renewal of the License no less than one 6 months prior to the expiration of the initial License's term. Licensee's term shall be extended when the Commission, based on the governing law of power sector, regulation on licensing procedures and upon credible evidence, concludes that:

Licensee has fulfilled the License conditions and adhered to the requirements of all applicable laws and regulations during the initial License term.

**1.7** In case the Commission refuses to extend the License's term, until its expiration Licensee may:

- i) if granted approval by the ERE, transfer the ownership over the facilities, which it uses to perform the Licensed activity to a third party – a purchaser. The facilities shall be transferred only in their entirety unless the ERE, pursuant to governing Power Sector Law, determines otherwise; or
- ii) if granted approval by the ERE, transfer the operation of activity/facilities of the Licensee to an other subject which in ERE judgment may carry out the licensed activity by ERE.
- iii) In the event that the Licensee does not transfer the ownership of facilities before the expiration date of the initial License and revoking of licensed activity may result in a risk for the national defense and security, the public order or the uninterrupted electricity supply to consumers, the ERE by its initiative may assign a subject for carrying out of licensee functions that may be necessary for the uninterrupted performance of those function.

**1.8** According to the Power Sector Law only one license for Retail Public Supply of Electric Energy with regulated tariffs will be granted in the Republic of Albania.

**1.9** The following words and phrases used in the License, these License Conditions and Annexes, shall have the meanings set forth below:

<b>Ancillary Services</b>	All necessary services for the operation of a transmission and distribution system.
<b>Associated Business</b>	Any business which, directly or indirectly, in whole or in part: <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>Law No.9072 dt.22.05.2003 “On Power Sector”</b>	This law including all changes occurred or which may occur in the future and which in following will be used with abbreviation Power Sector Law
<b>Charges for Use of Electric Energy Distribution Network</b>	Charges that Licensee licensed for the distribution activity may impose for the use of its Distribution Network as may be approved by the ERE from time to time.
<b>Cross Subsidies</b>	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.
<b>Distribution</b>	Transport of electric power on medium-voltage and low-voltage distribution networks (35 kV, 20 kV, 10 kV, 6 kV and 0.4 kV) for delivery to consumers.
<b>Distribution Network (DN)</b>	Electric lines (typically medium and low-voltage 35 kV, 20 kV, 10 kV, 6 kV and 0.4 kV), transformers and switchgears, used to deliver and supply of electricity to consumers.
<b>Electricity</b>	Both electric energy and electric capacity unless the context requires otherwise.
<b>Tariff consumers</b>	A person that purchase electric energy from Retail Public Supplier with tariffs approved by ERE. All persons that purchase electric energy and which are not qualified consumers are tariff consumers.

<b>Eligible Customer</b>	A customer that has the right under Legislation in Force or applicable ERE regulations to choose the electricity supplier for the electricity used for his own needs.
<b>Users</b>	Persons which use network and services of distribution company
<b>ERE</b>	The “ERE” means the Electricity Regulatory Entity or its successor regulatory entity.
<b>Legislation in Force</b>	Laws of the Republic of Albania enacted by the Albanian Parliament and in effect during this license period as well as all the secondary legislation .
<b>Distribution system</b>	Includes busbars, switching equipments, and transformers in substations 110/35/20/10/6 kV, and all elements in voltage level lower than 110 kV in possession of distribution company
<b>License for Retail Public Supply of Electric Energy</b>	The authorization given to one person according to provisions of third part of Law No.9072 dt.22.05.2003 “On Power Sector”.
<b>Licensed Activity</b>	Activities necessary for, and directly related to, the purchase and sale of electricity for the purpose of supplying tariff customers within the Authorized Territory with Regulated Tariffs.
<b>Licensee</b>	The Person that holds this License for Retail public supply of Electric Energy that is named on the cover page of this License.
<b>Person</b>	Person shall mean any physical or legal person
<b>Power Losses Factor</b>	Estimated power losses in the electric network of a specific voltage expressed in percent of the total amount of electricity delivered into the respective network within the relevant accounting period.
<b>Qualified Supplier (QS)</b>	A Person who has the right to supply electricity to Eligible Customers as defined by Legislation in Force or applicable ERE Regulations and Rules.
<b>Regulated Tariff</b>	A tariff currently in effect and approved by the ERE pursuant to Legislation in Force and ERE Regulations and Rules.
<b>Regulations and Rules</b>	Standards, codes, regulations, orders and other prescriptions legally in force approved by the ERE.
<b>Tariff Methodology for Retail Public Supply</b>	Procedures for the calculation of Tariff for <b>Retail Public Supply</b> approved by ERE for tariff consumers and which belongs to the voltage level were they are connected.
<b>Small Power Producer</b>	Producer of electric power from a power plant connected to the Distribution System.

<b>Transfer</b>	Transfer means any sale, lease 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 generating plant and other power industry facilities and resources to provide system stability, security, reliability, safety and efficient operation of the power system.
<b>Network Operator</b>	The structure of Distribution System Operator which carry out scheduled and unscheduled operations on distribution system taking in consideration the program for safeguard of operational security and quality standards according to technical conditions.

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

- 2.1** Licensee is authorized by this License to conduct the Licensed Activity. This right is granted exclusively to Licensee.
- 2.2** No charges to consumers and users shall be made by Licensee except as may be authorized by Regulated Tariff.
- 2.3** Licensee shall not collude in any way with other Licensees regarding the Licensed Activity to the detriment of existing or potential suppliers, users or consumers.
- 2.4** The licensee shall unbundle its financial accounts within the time period required by Legislation in Force in a manner sufficient to enable the ERE to conclude that no cross-subsidies, anti-competitive activities or discrimination are occurring unless specifically permitted by ERE.
- 2.5** Licensee shall not engage in any carrying out operations or in any other activity which cause anti-competitiveness according to Legislation in Force.
- 2.6** Licensee shall perform the Licensed Activity consistent with principles of economic efficiency and the objective of achieving lowest costs at defined quality and performance standards.
- 2.7** Licensee 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. The ERE may prohibit Licensee from performing any activity, other than the Licensed Activity, or may impose conditions on the performance of such activity, as necessary to protect consumers.
- 2.8** Licensee shall inform the ERE of the establishment of any Associated Business. The ERE may prohibit or impose conditions on the establishment of the Associated Business, as necessary to protect the Republic of Albania consumers.
- 2.9** Licensee shall not impede, prevent or attempt to prevent other licensees or potential competitors from legally engaging in or entering the electric business in the Republic of Albania.

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

**3.1** Licensee shall comply with Legislation in Force during the exercise of license functions.

#### **3.2 Accounting and Reporting**

**3.2.1** 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) engaged in by Licensee, in accordance with regulatory accounting rules and procedures approved by the ERE and in accordance with the Law no. 9228, dated 29.04.2004, as amended, Articles 21, 23 and 33 of the Law no. 9072, dated 22.05.2003 "On the Power Sector" and international accounting principles. Licensee shall submit the annual financial statement to the ERE by June 30 of each year.

**3.2.2** Licensee is required to prepare and submit to the ERE by January 31 of each year, an annual report relating to its operations in the previous calendar year and containing the following:

- a summary and analysis of the Licensee's retail public supply activities;
- the electricity sales and bill collection data for the year;
- any outage of electricity according to voltage level
- contract condition with the Wholesale public supplier
- a table showing the performance of the Retail Public Supplier in accordance with the Distribution Code, to the extent they apply .
- all supply contracts with the tariff customer

**3.2.3** Licensee shall submit to the ERE, upon its request and in the form and within the time set by the ERE, any information that is necessary to the ERE in the conduct of its authorized regulatory responsibilities.

**3.2.4** Licensee shall allocate common expenses among its Licensed Activity and other types of activities (including licensed activities) on a reasonable basis in accordance with paragraph 3.2.1 of this License and generally accepted business practices. Licensee shall submit to the ERE, documentation setting forth the basis for the allocation of common expenses as well as the results obtained.

**3.2.5** 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; or
- f. shareholder up to 5%.

**3.2.6** All the official notifications, applications, petitions and claims relating to this License should be in writing, duly executed by an authorized officer or designated representative thereof, of Licensee or the ERE, respectively, and be delivered via messengers (courier) or registered mail, requiring a verification of receipt. The addresses of the Parties should

appear on the envelope. All notices or other correspondence shall be considered effective from the moment of delivery or, if they were not delivered due to the sender's fault, from the moment of presentation.

### **3.3 Regulatory Fees**

- 3.3.1** Licensee shall pay regulatory fees on a regular and continuous basis during the term of this License as determined by the ERE in accordance with Article 12 of the Law no. 9072, date 22.05.2003 "On the Power Sector" and applicable ERE regulations.
- 3.3.2** If Licensee does not pay the ERE the regulatory fees in accordance with paragraph 3.3.1 within the period required by the ERE, the Licensee shall be penalized in accordance with Article 64 of the Law no. 9072, date 22.05.2003 "On the Power Sector".

### **3.4 Use of Information**

- 3.4.1** Subject to the Power Sector Law, Grid Code, Distribution Code, Market Rules and relevant regulations requirements, Licensee shall ensure that any information obtained from others as a result of its Licensed Activity shall not be revealed to anyone, except:
- a.** with the prior written consent of the Person to whose affairs the information relates;
  - b.** if the information is already known to the public;
  - c.** if Licensee is required or permitted to disclose the information to comply with these License Conditions, any orders of the ERE, or any applicable Legislation in Force.
- 3.4.2** Licensee 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
- 3.4.3** Licensee shall develop and submit to the ERE procedures for ensuring compliance with Paragraphs 3.4.1 and 3.4.2. Upon the request of the ERE, Licensee shall undertake any necessary steps to safeguard the confidential information in Licensee's possession and to submit to the ERE reports concerning the observance of the obligations stipulated in Paragraphs 3.4.1 and 3.4.2.
- 3.4.4** Information provided to the ERE by Licensee shall be considered public unless, upon specific request of Licensee, the ERE by decision ascertains that certain information is of a proprietary nature and that the public interest served by disclosure would not justify or offset the potential commercial harm to Licensee.

### **3.5 Supply Obligations**

- 3.5.1** Licensee shall purchase from the Wholesale Public Supplier ("WPS"), by contract and tariff as determined by the ERE, and at prices and under terms approved by ERE, the electric energy and capacity required for tariff customers. Licensee will provide any information in its possession required from WPS for determination of electric energy amount required for tariff consumers.
- 3.5.2** Licensee shall, in accordance with the Grid Code, the Distribution Code and the Market Rules, take all necessary measures to improve the operational and economic efficiency of the Licensed

Activity in order to ensure continuity of supply with reasonable price.

- 3.5.3** Licensee shall comply with applicable Regulations and Rules of the Transmission System Operator approved by the ERE, including the execution of all operational orders, instructions or directions and the submission of technical information and all other documentation required, as per the requirements of the Grid Code and Market Rules.
- 3.5.4** The total charge to tariff customers for Retail Public Supply shall be determined according to the Tariff Methodology for Retail Public Supply approved by the ERE. The tariff shall be set to provide Licensee with sufficient revenue to cover reasonable levels of costs and profits, and incentives to reduce costs and operate efficiently. The ERE may require that the tariff include incentives to ensure the reduction in non-payment of bills by tariff customers.
- 3.5.5** Licensee may, at its initiative or if required by ERE, bill consumers for its services through a consolidated bill with the Distribution System Operator, and has the right to obtain all information necessary, including data from meters, for billing customers and calculating customer bills from the Distribution System Operator.
- 3.5.6** Licensee may demand a reasonable deposit from consumers pursuant to its duties or responsibilities in the course of its Licensed Activity in accordance with any applicable ERE Regulations and Rules. This deposit may be in addition to deposit required by the Distribution System Operator. Any deposit obligation shall be clearly stated in the supply contracts between Licensee and its customers and it is object of ERE approval.
- 3.5.7** Licensee may enter into an agreement with the Distribution System Operator whereby the Distribution System Operator will disconnect a consumer for non-payment of charges relating to electricity supply, in accordance with any applicable ERE Regulations and Rules

### **3.6 Agreement with the Distribution System Operator**

- 3.6.1** The Licensee must enter into and comply with an agreement with the Distribution System Operator on terms approved by the ERE. The agreement shall provide these conditions:
  - a.** the co-ordination of information and requests for connections, disconnections and reconnections;
  - b.** the request for, and application of, security deposits;
  - c.** the co-ordination of billing procedures and the application of receipts from customers;
  - d.** the co-ordination of customer enquiries and disputes;
  - e.** the resolution of customer disputes, and participation in the dispute resolution procedures; and
  - f.** the allocation of responsibilities and liabilities for certain customer claims.
- 3.6.2** The Licensee and/or the Distribution System Operator shall not amend the agreement without the prior approval of the ERE.

#### **4. Monitoring and Controls Over the Performance of Licensed Activity**

- 4.1** The ERE shall monitor Licensee's compliance with these License Conditions, review reports obtained from Licensee and, at any time, is entitled to inspect Licensee's accounting records and may require a technical and/or accounting audit of Licensee's activities.
- 4.2** Authorized representatives of the ERE may access Licensee's premises, equipment and documents to inspect the Licensed Activity in accordance with ERE Regulations and Rules. Licensee shall provide any assistance requested by the ERE during said inspection.
- 4.3** Upon the substantiated complaint of any third party or upon its own motion, the ERE may initiate an investigation of Licensee's compliance with these License Conditions or ERE Regulations and Rules.
- 4.4** If after investigation, the ERE concludes that Licensee has failed to comply with License Conditions, the ERE may revise Licensee's tariffs and / or take other actions within its scope of authority in order to protect the interests of users and consumers or ensure compliance with the terms and conditions of the present license.
- 4.5** Licensee shall inform the ERE of any violation of these License Conditions within one week from such violation becoming known to Licensee.
- 4.6** Licensee shall obey decisions issued by the ERE, including the payment of fines imposed by the ERE, in accordance with Legislation in Force.
- 4.7** Licensee is responsible for detection, discover and prevention of energy thievery.

#### **5 License Termination**

- 5.1** The ERE may terminate the License in accordance with the Power Sector Law and ERE Regulations and Rules when:
  - a.** Licensee requests the withdrawal of the license;
  - b.** Licensee violates these License Conditions, including the failure to pay fees as required in the License;
  - c.** Licensee violates the Legislation in Force;
  - d.** Licensee is declared bankrupt and is unable to perform obligations under these License Conditions;
  - e.** Licensee obtained the license fraudulently;
  - f.** The term of the license expires; or
  - g.** The dissolution of the legal person holding the license.
- 5.2** If Licensee changes its legal status or the shareholder controlling interest is changed without authorization from the ERE, the License becomes null and void and the successor of

Licensee shall apply for a new license in compliance with the ERE procedure for license issuance.

- 5.3** The Licensee is obliged to perform the activities specified in the license. If, during the performance of the licensed activity, circumstances appear for which the Licensee, reasonably, is not able to perform the activities specified in the License, the Licensee shall immediately inform the ERE and will follow its instructions.
- 5.4** This License may only be transferred with the prior written consent of the ERE and in accordance with the terms and conditions set forth herein. Any decision of the ERE to any transfer of this license shall be subject to the ERE being satisfied that the transferee will have the technical and financial capability to comply with the terms and conditions of this license.
- 5.5** Any transfer of license without approval of ERE will be annulled and will constitute an infraction of this license.
- 5.6** Where the License is terminated as a consequence of Licensees conduct in violation of the terms of the License, Licensee shall be liable for the costs imposed on the ERE, the Government of Albania, and market participants as a result of such termination, as determined by ERE, including costs relating to the orderly transfer of the license to a new qualified licensee.
- 5.7** Where ERE determines that Licensee has violated one or more terms of the License, Licensee shall be given a reasonable opportunity to correct the violation prior to the termination of the License, unless the violation involves corruption or dishonesty proved by due authorities according to legislation in force.

## **6. Relations with consumers**

- 6.1** The Licensee shall develop, subject to ERE approval, general terms and conditions governing its relations with its customers. The Licensee may request modification of those general terms and conditions, subject also to ERE review and approval.
- 6.2** The Licensee shall place the terms and conditions in view in all its offices, shall post them on its website, and shall give consumers the opportunity to receive a copy of the document.
- 6.3** Licensee shall publish, post on its website, and submit to consumers detailed information about electricity prices and tariffs for different consumer categories.
- 6.4** Licensee shall provide detailed bills to customers upon request, and shall keep sufficient documentation to support the amounts billed.
- 6.5** Licensee shall establish in the company structure a dedicated unit for relations with consumers. Licensee must hire sufficient number of adequately qualified personnel for this unit.
- 6.6** Within 6 (six) months after the License effective date Licensee shall prepare processes and rules for dealing with consumers complains and will submit those processes and rules to the ERE. The processes and rules shall include at least the following:

- a. data about organization of the dedicated unit, including location, working hours, hours for visiting consumers, contact telephone numbers, etc.;
  - b. terms and conditions for initiating service, applications for investigating the conditions and procedures for initiating service, terms for check and response, rejection procedure, including submission of application forms, etc.;
  - c. terms and conditions for concluding contracts for electricity sales on General conditions;
  - d. terms and conditions for filing claims, applications and proposals; and
  - e. procedures and time frames for investigating and replying to filed complaints, applications and proposals.
- 6.7** The processes and rules established pursuant to paragraph e), above, shall be publicly available, including on the Licensee's website, and provided to customers upon request.
- 6.8** Licensee shall keep documentation comprising all complaints, applications and proposals and the replies to each of them for a period of 3 (three) years after the date of receipt or reply, whichever is later.
- 6.9** Licensee shall establish a system for filing and handling complaints, applications and proposals of consumers.
- 6.10** Licensee shall consider every complaint and reply in writing to complainant to advise whether his/her complaint is honored or rejected within a 15 working days from its receipt.
- 6.11** In the event that Licensee does not reply within the period indicated or the reply does not satisfy the complainant, complaints, applications and proposals may be addressed to the ERE. If the ERE, after receiving a position from Licensee, decides that the specific complaint is justified, it shall give binding instruction to Licensee.
- 6.12** Licensee shall submit to the ERE, in its annual report, detailed information concerning:
- a. total number of complaints, applications and proposals in the previous calendar year;
  - b. breakdown of complaints, applications and proposals by categories such as failure to satisfy applications for services, quality of service, etc.; and
  - c. method of settling complaints, such as: assignment for repair or compensations paid to complainant and reasons for rejection of complaints, etc.

## **7. Emergency situations**

- 7.1** Licensee will not be considered to have breached the conditions of this License in case it is prevented from fulfilling them by force major or other emergency circumstance.

- 7.2** Under emergency conditions, Licensee shall ensure the necessary cooperation from the authorities and institutions, which are responsible for acting in emergency situations, in order to resume the possibly affected electricity supplies within the shortest practical period of time.
- 7.3** If licensee anticipates an emergency situation as defined by Legislation in Force, licensee shall notify the ERE within 24 hours and such notice shall describe what steps the Licensee will take to avert or ameliorate the impacts of the anticipated emergency situation.

## **8 Dispute Resolutions and the Right to Appeal**

- 8.1** Any controversial issue or claim between Licensee and any User related to License Conditions will be solved on an as amiable basis as possible, in compliance with Legislation in Force.
- 8.2** If resolution is not reached on an amiable basis, then the ERE upon petition of any Person that is a party to such dispute shall resolve the dispute and issue its decision thereon according to Legislation in Force and applicable ERE Regulations and Rules.
- 8.3** Licensee may appeal ERE decisions to the District Court of Tirana within 30 days from the publication of the decisions in the Official Journal.
- 8.4** Licensee must obey ERE decisions that are pending appeal before the District Court of Tirana.

The Republic of Albania  
Energy Regulatory  
Authority

LICENSE  
FOR RETAIL PUBLIC SUPPLY OF  
ELECTRIC ENERGY

License issued to:

\_\_\_\_\_

(Full name of Licensee)

Series: \_\_\_\_\_

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

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