



REPUBLIKA E SHQIPËRISË
ENERGY REGULATOR AUTHORITY
BOARD

DECISION
No. 200, Dated 23.06.2023

ON
**THE REQUEST OF "ALBANIAN POWER EXCHANGE - ALPEX" COMPANY TO
BE DESIGNATED AS THE NOMINATED ELECTRICITY MARKET OPERATOR'
(NEMO)**

Based on article 16 of Law no. 43/2015 "On Power Sector", as amended; articles 15 and 19 of the Regulation for ERE Organization, Operation and Procedures approved with ERE board decision no. 96, dated 17.06.2016; article 3, points 3 and 7 of the Regulation for the requirements and procedures to designate the nominated electricity market operator (NEMO) as well as NEMO roles and responsibilities and the electricity transmission system operators in market coupling approved with ERE Board decision no. 40, dated 06.03.2020; ERE Board, on their meeting dated 23.06.2023, after reviewing the report Protocol no. 1395/3 dated 20.06.2023, prepared by the Working Group "On the request of "Albanian Power Exchange - ALPEX" company to be designated as the Nominated Electricity Market Operator (NEMO)",

Observed that:

- "Albanian Power Exchange - ALPEX" company with official letter protocolled at ERE with Protocol no. 1395, dated 10.05.2023, submitted the application to be designated as the Nominated Electricity Market Operator (NEMO).
- Also, with the official letters Protocol no. 1395/1 dated 10.05.2023 and Protocol no. 1395/2 dated 02.06.2023, has submitted additional documentation for this application.
- Referring to the definitions set out in Article 2 of the "Regulation on the requirements and procedures for designation of nominated electricity market operator (NEMO) as well as the roles and responsibilities of NEMO and the Electricity Transmission System Operator in market coupling", approved with ERE board decision no. 40, dated 06.03.2020, the Nominated Electricity Market Operator (NEMO) is a legal entity that has been designated by the Energy Regulator Authority to perform the task related to day-ahead and/or intraday market coupling according to this Regulation.
- From the review conducted to the information and documentation submitted by the applicant referring to the definitions of annex 1.a and 1.b of the Regulation, it appears that the following documentation remains to be completed:

Article 4

Nominated Electricity Market Operator (NEMO) designation criteria

Point 1. The applicant must fulfill the following requirements to be defined as a Nominated Electricity Market Operator:

- **Letter “a”**

Point 4

To submit a Financial plan that projects current and next year incomes. This plan should clearly state the assumptions that the company has taken into account in determining these revenues, a study analysis that predicts the changes that may come to the company's revenue forecast, as well as an analysis of how the applicant foresees the operation from a financial point of view.

Point 5

c) To submit at ERE the relevant documentation related to the process of finalizing the approval of its organizational structure and also of signing the relevant agreement regarding the IT service, as required by this point of the regulation.

i) h) To submit at ERE, the already signed agreement for the transfer of rights and obligations from KOSTT company to ALPEX company for the organization of the electricity day ahead market, the intraday market as well as calculations and final settlements (Clearing and Settlement), also to provide information on the stage where the operational agreement is signed between KOSST company and ALPEX company, the agreement on congestion revenue and the agreement on cross-border clearing and transaction agent. Finalized agreements must be submitted at ERE. Detailed explanation regarding appropriate emergency management planning and handling of these cases.

- **Letter “b”**

To publish on the official website any methodology that it currently uses and shall use in the future.

- **Letter “c”**

Points 1, 2, 3 and 4

The applicant must submit at ERE: A clear description and explanation of the calculation processes that shall enable the applicant to identify and divide the costs of the Market Coupling Operator (MCO) and the Nominated Electricity Market Operator (NEMO) ;

- Clear description and explanation of the separate accounts that shall be used for the costs of the Market Coupling Operator (MCO) and the Nominated Electricity Market Operator (NEMO);
- Clear description of the reporting processes of a clear analysis of all the costs of the Nominated Electricity Market Operator (NEMO); including the costs of the Market Coupling Operator (MCO);
- A comparison of the costs of the applicant in relation to the respective examples in the

European Union (EU) with divided costs of the Nominated Electricity Market Operator (NEMO) and the Market Coupling Operator (MCO);

- **Letter “d”**

The applicant shall submit at ERE:

- Declaration if it is collaborating with other parties and if so, what activities it is undertaking with these parties;
- A complete overview of all institutions in functional dependence of other market participants;
- Information regarding the composition and identity of direct and indirect owners, other legally related parties, parent companies, and their subsidiaries;
- In case the shareholders, other legal parties, parent companies, or subsidiaries are market participants, it must be explained how the applicant has organized the division of the business and the elimination of the conflict of interest.

- **Letter “e”**

The applicant shall submit at ERE the relevant explanations of the operational processes of each activity and the relevant accounts and supporting documentation on the division of accounts for all the functions it exercises.

- **Letter “f”**

The applicant shall submit at ERE:

- A detailed explanation of the procedures for the participants of the market coupling and who shall use the services of the applicant which do not allow discrimination of the market participants;
- Information on internal procedures that must be defined in writing as well as functional agreements, contractual agreements and services for market participants that must not be discriminatory.

- **Letter “g”**

Point 1 and 2.

The applicant must inform at which stage the procedure for the approval of the organizational structure is, and in case it has already been approved, submit at ERE the corresponding detailed interpretation according to the requirements of point 1 and 2 of this article of the regulation.

- **Letter “h”**

The applicant must submit at ERE the transparency and confidentiality agreements with the market participants and the TSO.

- **Letter “i”**

Point 2, 3 and 5.

The applicant shall submit at ERE:

- Clear description and explanation of the processes to decide which guarantees are needed for settlement (liquidation).
- Risk assessment and study analysis conducted to show the ongoing risk management.
- Clear description and explanation of contractual agreements necessary to ensure settlement and liquidation processes, including NEMO and other TSOs and confirmation of operating and contractual agreements that allow or shall enable NEMO

and other TSOs to operate on the day-ahead and/or intraday market coupling.

- **Letter “j” and article 4.2.**

Point 2 and 3

The applicant must submit a description and explanation of the agreements on emergency cases and planning of risk management and must also submit at ERE the relevant rules agreed with TSO company regarding the systems and communication between them, taking into consideration the obligations arising from the Transmission Code.

For all of the above, it is evaluated the opening of the procedure for the designation of the "Albanian Power Exchange - ALPEX" company as the Nominated Electricity Market Operator (NEMO) and the arrangement of possible hearing sessions within the framework of clarifying the documentation that remains to be completed by this application.

For all of the above mentioned, ERE Board

Decided:

1. To open the procedure on the designation of "Albanian Power Exchange - ALPEX" company as the Nominated Electricity Market Operator (NEMO)",
2. The Legal Directory shall inform the applicant, the Ministry of Infrastructure and Energy, the Energy Regulatory Office of Kosovo as well as the Energy Community Secretariat about ERE Board decision.

This decision enters immediately into force.

Any party involved in this procedure may request from ERE, - within 7 calendar days from the date of the decision, to review the board decision if it has provided new evidence that could lead the board to obtain a decision different from the previous one or for material errors ascertained. This decision can be appealed in the Administrative Court of Tirana, within 30 calendar days from the day of publication in the Official Gazette.

This decision shall be published on the Official Gazette.

ERE CHAIRMAN

Petrit AHMETI