



REPUBLIKA E SHQIPËRIË

**ENERGY REGULATOR AUTHORITY
BOARD**

DECISION

No. 287, Dated 09.10.2023

**ON THE PROPOSAL FOR APPROVING THE METHODOLOGY FOR DEFINING THE
STRUCTURE OF ALPEX TARIFFS AND APPROVING THE TARIFFS LIST**

Based on Article 16 of Law no. 43/2015 “*On Power Sector*” as amended; point 3.5 of Council of Minister Decision no. 519, of date 13.07.2016 “*On approving the electricity market model*” as amended; article 3 point 8 of the “*Regulation on the requirements and procedures for defining the Nominated Electricity Market Operator (NEMO) as well as NEMO roles and responsibilities and of the Transmission System Operator for Electricity in market coupling*”, approved with ERE Board Decision no.40 of date 06.03.2020; articles 15 and 19 of the *Regulation on ERE organization, operation and procedures*, approved with ERE Board Decision no.96, dated 17.06.2016 as well as the “*Framework Agreement on electricity market coupling between Albania and Kosovo*” of date 21.10.2021, signed by the *Albanian Energy Regulator Authority (ERE), the Regulatory Office for Energy of Kosovo (ZRRE), the Albanian Transmission System Operator (OST) and the System, Market Transmission, Operator of Kosovo (KOSTT company)*; ERE Board on their meeting dated 09.10.2023, after reviewing the report protocol no. 1991/1 of date 05.10.2023, prepared by Tariffs and Prices Directory, “*On the proposal of approving the methodology for defining the tariff structure of ALPEX and approving the list of the tariffs*”,

Observed that:

“The Albanian Power Exchange - ALPEX” company with the official letter protocol no. 257, of date 31.07.2023, ERE protocol no.1991 of date 02.08.2023, submitted at ERE the “Proposal for approving the methodology for defining the tariff structure of ALPEX and the approval of the Tariff List”.

- ALPEX company with the request submitted at ERE attached the draft document “the Methodology for defining the Tariff Structure of ALPEX company”, which includes ALPEX proposal for the methodology of defining the tariff structure and the proposal of ALPEX tariff list as the Nominated Electricity Market Operator (NEMO) for the markets of Albania and Kosovo.

Regarding the framework agreement signed between ERE and the Regulatory Office for Energy of Kosovo (ZRRE) “the Framework Agreement on electricity market coupling of Albania and Kosovo” on 21.10.2021, the proposal is submitted on the same time even at ZRRE so that this methodology shall be approved with the same content.

- In defining the tariff structure for the participant members on ALPEX markets according to the company it is taken into consideration the objective that its net capital shall be equal with the signed capital. The document also contains the principles defined on the tariff structure and a comparison of the tariffs level compared with the tariffs level in regional exchanges.
- ERE assesses that the Methodology proposed from ALPEX complies the minimum criteria for the held of the consultative process with the interested parties and the initiation of the procedure for its update and the draft of a clearly structured methodology as the existing tariffs Methodologies, which are approved by ERE and are implemented for other segments of the Power Sector.
- List of the tariffs proposed from ALPEX company shall temporarily applicable for the Nominated Electricity Market Operator (NEMO), to the moment of their approval based on a clearly structured methodology where it is defined the methodology of calculating the tariffs and the regulatory period.
- With the initiation of the procedures for the approval of the Methodology of defining the tariffs of the Nominated Electricity Market Operator (NEMO), ALPEX company shall continue with the update of the methodology during the public consultation process, so that ERE shall continue with its review and approval.
- ERE in implementing Article 6, points 6.1 and 6.4 of the Framework Agreement on the electricity market coupling of Albania and Kosovo, dated 21 October 2021, shall cooperate with ZRRE for the approval of the Methodology on defining the tariffs of the Nominated Electricity Market Operator (NEMO), a document that in conclusion shall be based on the same principles and methods based on the effective legal acts according to each jurisdiction.
- ALPEX company in updating the Methodology for defining the Nominated Electricity Market Operator tariffs, shall be supported on the observations of this decision and on the observations of ZRRE Board Decision dated 21 September 2023.

For all of the above mentioned, ERE Board,

Decided:

1. To approve “the List of Tariffs of ALPEX” which shall be applicable for the Nominated Electricity Market Operator (NEMO), until on 31.03.2024. (the attached table)
2. To initiate the procedure for approving “the Methodology of defining the tariffs” of the Nominated Electricity Market Operator (NEMO), based on the observations of this decision. (the draft methodology is attached)

3. Tariffs and Prices Directory shall inform ALPEX company and the interested parties regarding ERE Board Decision.

This decision enters immediately into force.

Any party involved on this procedure, may require ERE within 7 calendar days from taking the decision, to review the Board Decision if there are new evidences that may lead the board to take a decision different from the previous one or for observed material errors. Regarding this decision may be complained at Tirana Administrative Court, within 30 calendar days from the date when this decision is published on the Official Gazette.

This decision is published on the Official Gazette.

List of ALPEX Chargers	Tariff payment	Reference in Euro	Paid from the
Administration Tariff	Once	200 €	Exchange Member
Membership Tariff for the Exchange Member	Once	7,000 €	Exchange Member
Membership Tariff for the General Clearing Member	Once	5,000 €	Clearing Member
Annual Tariff for the Exchange Member	Annual	10,000 €	Exchange Member
Annual Tariff for the Personal Clearing Member	Annual	2,000 €	Clearing Member
Annual Tariff for the General Clearing Member	Annual	6.000 €	Clearing Member
Variable Trading Tariff for MWh	Transaction	0.070 €	Exchange Member
Variable Clearing Tariff for MWh	Transaction	0.020 €	Exchange Member
Trading Tariff on the Name of Someone else	Order	20 €	Exchange Member
Tariff for API user	Annual	2,000 €	Exchange Member
Maintenance of the Clearing Account for the the Personal Clearing Member	Monthly	100 €	Clearing Member
Administration Tariff of the Bank Guarantee Letter	When deposited	50 €	Clearing Member
Annual training tariff	Annual	200 €	Trading and Clearing Agent
Exam tariff	Annual	100 €	Trading and Clearing Agent
Digital certificate for the user	Annual	50 €	Exchange Member / Clearing Member

- For the Albanian market all of the tariffs shall be liquidated in Euro for the not-resident persons.
- For the Albanian market all of the fix tariffs shall be liquidated in ALL, equivalent of the reference defined in EURO, for the residents.
- For the tariffs shall be applied the VAT.



REPUBLIKA E SHQIPËRIË
**ENERGY REGULATOR AUTHORITY
BOARD**

ERE Board Vote for,

DECISION

No. 287, of date 09.10.2023

**ON THE PROPOSAL FOR APPROVING THE METHODOLOGY FOR DEFINING THE
STRUCTURE OF ALPEX TARIFFS AND APPROVING THE TARIFFS LIST**

Board Members

Pro-s

Con-s

Petrit Ahmeti

Erjola Sadushi

Maksim Shuli

Raimonda Islamaj

Petraç Lika

METHODOLOGY
ON DEFINING THE TARIFF STRUCTURE OF ALPEX

General considerations

The current list of ALPEX Tariffs is applied from the initiation of ALPEX operation in the bidding area of Albania. From that time, ALPEX assessed the influence of the tariff structures to improve its financial situation or to accommodate any request for change from the exchange members. The electricity market has changed with the presence of more new actors and others are expected to bring a great complexity that includes the presentation of other regional markets, a quick increase of the renewable resources and the development of the technology in general.

It is required, increased automation of processes with new systems, standardization of processes in ALPEX for the operation of information security, staff development, and ALPEX presence in regional and European forums, fairs, and conferences are all challenges that require the adoption of technology and operational expenses for ALPEX.

The financial statements of ALPEX for 2022 report that the expenses item is attributed to the staff expenses (57%), other utilization expenses (36%). The net value of the assets is about 9.5 milion ALL.

In defining the tariff structure for the members participating to the ALPEX markets, is taken into consideration the objective that the net capital of the company shall be equal with the signed capital, the one in 250 milion ALL amount by the end of 2028 according to the calendar, table no. 2. Furthermore, this tariff structure shall follow the principles below:

- The structure of the tariffs for the participants on ALPEX markets shall be equal for both markets of Albania and Kosovo.
- The tariffs structure for the ALPEX market participants shall be simple.
- The tariff components for the ALPEX market participants that charge any participant shall reflect in such a way the requirements for the budgeted incomes.
- The tariffs for the participants shall not be unreasonably high or to reflect any participants category.
- The tariffs are set based on the profits after 2024 and until 2028 shall generate the progressive profit to the net capital that shall be 250 milion ALL.
- After 2028 when the above target is achieved, the tariffs shall be set according to the principle of not – profit as an end in itself, but only to cover the total of the costs. The return from ROE capital shall be on 5% measure per year to make ALPEX more attractive to confront with the challenges of the future, those of reorganizing the energy markets in Europe.

ALPEX is very aware of the economic challenges faced by consumers and market participants. While ALPEX tariffs represent a small component of the overall costs of the energy system, it is crucial that we, together with the rest of the sector, take all necessary measures to offer our services as efficiently as possible.

- ALPEX is committed to a transforming activity to keep control operational expenses, enhance our service to members, improve our operational practices, increase our use of digital technology, and attract and retain the best talent to ensure sustainable value for members and consumers.
- The current model and structure of ALPEX business was established in different times with our sector. The changes on the industry require that ALPEX shall have the appropriate talent, the decision-making means and the operational systems to manage the increasing complexity of the sector and to provide a value to the customers. The required investment may be important and it is essential to understand and we to work with our members to ensure them that we can provide the services that they require on an efficient way, to reduce the costs that are accepted from the participants and to support the capabilities of the sector to benefit from the technological changes, for the benefits of electricity customers; and
- ALPEX is engaged to win and maintain the faith of all interested parties and we believe that the transparency, integrity of the information and real time consultation and cooperation are the key to achieve this faith.

1. Presentation and Understandability

The current tariff structure of the Exchange members and of the Clearing members to the electricity markets of ALPEX is decided on 24 March 2023 according to the Technical Decision no. 5-C for the "Tariff List of ALPEX". The Tariff List in electricity markets of ALPEX was published on ALPEX website.

With the operation of ALPEX for the day ahead market, primarily for the bidding area of Albania and with the planning of September 2023 shall initiate the operation for the Kosovo market, together with the market coupling of Albania and Kosovo, ALPEX planned that on April 2024 shall launch the intraday market for the bidding area of Albania and on June 2024 for the bidding area of Kosovo together with their market coupling. The processes for integration of Albania-Kosovo markets with the other regional markets and the European ones are the challenges for 2025 period and in continuation.

From the initiation of the current structure and planning a new structure for the initiation of ALPEX operation occurred a series of changes that have increased the complexity for the operational planning of ALPEX markets and the integrating processes as well as the requirements for the regulatory reporting which have influenced on its operational activity and especially:

- The presentation of three auctions for the intraday market for April -June 2024 period;
- The operational activity in 24/7 trading’;
- The monitoring activities by using the appropriate technology;
- Presentation of 30- and 15-minutes products;
- Rapid increase of renewable resources capacities;
- Update in using the data; and
- Changes in customer behavior for the customers.

The above changes require that ALPEX shall increase the staff and the capital investments to use the systems that confront the technological changes which increase the quality of service, eliminate the operational risks and issue the appropriate models for the market foresees. In responding these developments ALPEX required the recognition of cost-effective expenditures shall improve the electricity market and enable the increase of socio-economic benefits in the energy industry, especially considering that electricity is found everywhere in the modern economy.

1.1 Principles of the Tariff Structure

This methodology is proposed for the tariff structure. The current value for each tariff is on budget process from ALPEX. According to the Electricity Market Rules – the General Conditions, ALPEX has the right to apply the market tariffs for the registered members.

In defining the tariff structure for the exchange members, ALPEX shall consider the objectives and their tariff structures shall, as practically as possible to be in conformity with a series of principles (referred on this document as the Tariff Structure Principles) and these are defined on Table no.1 with an explanation and some examples that may implement these requirements for the implementation of the electricity tariff structure in Albania-Kosovo markets.

Table 1 The applicable principles for the tariff structure

Principle of the tariff structure	Requirements	Application and examples
	In defining the tariffs for the exchange members and their clearing, ALPEX shall take into consideration the objective.	

<p>Objective</p>	<p>Objective is to promote efficient investments to our economies and especially to power sector, to promote the efficient operation of the sector and to use the use of electricity services for the long-term interests of the customers regarding:</p> <p>(a) The price, quality, security, reliability, and the security of supply with electricity; and (b) Reliability and security of the power system</p>
<p>Simplicity</p>	<p>The structure of the exchange members tariffs and those of clearing to ALPEX markets shall be simple to comply the given services.</p> <p>ALPEX considers that the simplicity principle shall mean that the basis of the tariff structure and its implementation for different members shall be:</p> <ul style="list-style-type: none"> • Direct • Easily understandable from its members • Easily applicable from the registered members and ALPEX • Provided and accepted regarding the influences and the costs
<p>Non -discriminatory</p>	<p>The tariffs for the participants shall not be unreasonably discriminatory to a category or different categories of registered members.</p> <p>"Discrimination shall mean to handle the persons or persons categories differently or not equal way. Furthermore, "discrimination" has a judicial meaning: "Discrimination" shall mean any differentiation, exemption, limitation or preconsent, regardless of the reason, that aims or is due to the obstacle, or to make it impossible to exercise on the same way with the others of the essential rights and freedoms known from the Constitution of the Republic of Albania and Kosovo, from the international ratified acts of the Republic of Albania and Kosovo, as well as from the effective legislation.</p>
<p>Comparability</p>	<p>Regarding the development, review and the publication of the tariff structure, ALPEX shall take into consideration the other existing tariff structures in the regional or European markets for which it thinks are suitable for comparison reasons. Having into consideration that this is not a concrete principle, but it is included for the completion of discussing the issues that ALPEX company shall consider.</p> <p>The structures of other respective tariffs may include:</p> <ul style="list-style-type: none"> • Other electricity market tariff structures such as HUPX, CROPEX, HENEX, IBEX, BSP submitted on Annex B.

There do not exist rules about what of the Tariff Structure Principles shall have the biggest weight from the others. Although when not practicable that ALPEX shall comply all of the principles or may comply them on an equal scale, ALPEX may approve a structure that shall not comply all of the principles. So the compliance of the requirements defined according to the objectives that mostly requires a substitution of the principles. This shall mean an option to improve the structure of the tariffs to a principle which may reduce the implementation of another principle.

For example, the common competition principles are the reflection of the costs and simplicity. While the reflection of the costs on the tariff structure may be improved through the measures such as the tariffs allocation, the markets or the services which may reduce the simplicity of the tariff structure.

1.2 Budget for the tariff structures

ALPEX operationalization requires that the exchange members and the clearing members in the markets shall pay the tariffs defined on the Electricity Market Regulation / ALPEX Rules – General Conditions and the Procedures and in details on the ALPEX Tariff List Annex A. Respectively ALPEX Rules, Session B.4.5 "ALPEX tariffs' it is cited:

- Operational costs for the day Ahead and Intraday tariffs are covered from the payments of Fix and Variable tariffs from the Exchange Members in ALPEX. Fix and Variable Tariffs are proposed from

ALPEX and are approved with Regulatory Authority Decision mentioned above.

The provisions to the Clearing and Settlement Procedure Session G.6.5 “Other tariffs” cited:

ALPEX shall publish the details for the other fix tariff structures, after their respective approval.

The Allocation of the accounts for the operations of the Market Coupling Operator and other actives to prevent cross-subsidies according to the provisions on NEMO regulation.

1.1.1 Operational activities of NEMO

The main operation for the organization and management of the wholesale organized electricity market from ALPEX as NEMO includes:

- The operation of the wholesale organized electricity market for the bidding area of Albania and Kosovo.
- Clearing and liquidation operation from the transactions in ALPEX markets for the bidding area of Albania and Kosovo.
- Market operation for the organized wholesale electricity market for market coupling of Albania, Kosovo with the other regional and European markets.
- All of the costs for NEMO activity for the establishment, changes for the market/markets coupling operation for the day ahead and the intraday shall be covered from the tariff.
- All costs due to NEMO activity as a central cross-border counter party and the role of the shipping agents are covered from the tariffs.
- The costs for the markets coupling activities shall be identified and handled according to the methodology for the cost allocation between NEMO-s and the TSO-s

1.1.2 Tariff Structure Period

This tariff structure is approved for a maximum period until 31 May 2029. ALPEX shall report at ERE regarding any deviation (min-max) from the provision of changing the capital according to the calendar table no.2.

Table no.2

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028
Net capital in _____ thousand ALL	250.000	217,256	164.907	68,736	60.735	98,000	146.000	207,000	250.000
Net capital in _____ thousand euro (1 €=110)	2.273	1.975	1.499	625	552	891	1,327	1.882	2,273
Permitted deviation in ALL (min-max)	N/A	N/A	N/A	N/A	30.000	60,000	130,000	180,000	230,000
					80,000	100,000	180,000	220.000	260,000

Nese gjate ketyre viteve kapitali neto eshte jashte kufijeve te devijimit (Devijanca e lejuar) ALPEX duhet te dergoje propozimin e ri ne entet regullatore per konfirmim ose rishikim te listes se tarifave. ALPEX mund te paraqese per rishikim te listes se tarifave edhe ne rastet e ndryshimeve legjislative, modelit te tregut apo zhvillimive te tjera rajonale dhe europiane te proceseve integruese.

1.3 Kategorite e pjesemarrësve ne tregjet ALPEX-it

Te ardhurat e krijuara ne operacionalizimin e ALPEX parashikohen te kene burimet nga Anetaret e Burses dhe Anetaret e Klerimit dhe te cilat do te mbulojne kostot e alokuar dhe jo alokuar si dhe do te gjenerojne fitim per te permbushur objektivin sipas kalendarit.

Allocated cost
66%

Not-allocated cost 19%

Exchange
Member
96%

Revenue
15%

Exchange Member	Exchange Member
96%	4%

Exchange Member	Exchange Member
96%	4%

Budgeted incomes

Anetar Borse	Tenera
3%	1%

1.3.1 Exchange members

The exchange members with fix tariffs such as: Administration tariff, Membership tariff for the Exchange Member/the Exchange Members also shall be tariffed with the variable tariffs such as: Variable Tariffs for Trading for €/MWh, Variable Clearing Tariff for €/MWh, Trading Tariff on the name of s.o else for orders.

1.3.2 Clearing members

The Clearing members shall be tariffed with fix tariffs such as Adhering Tariff of the General Clearing Member,

the Annual Tariff for the Personal Clearing Member, the Annual Tariff for the General Clearing Member, Maintenance for Clearing Calculation for the Personal Clearing Member and the Administration Tariff for the Bank Guarantee Letter.

ALPEX followed an approach that the revenues mostly come from the participation of the Exchange Members to the trading activity. That means that the variable component dominates over the fix one. This shall mean that the payments executed toward ALPEX during the year, at least 60% of them come from the trading activity and the other part belongs to fix tariffs.

1.4 Additional service tariffs

Where practically possible, that ALPEX shall identify that performing something specific for a participant or another party that is not included to the 1.3.1 and 1.3.2 group and that this action causes identifiable costs and materials for ALPEX, ALPEX shall continue to require the set of the new tariffs to recover the caused additional costs. This may include:

- Subscription tariff for the services or the reports required to be generated from ALPEX not-members.
- Tariff for the ad-hoc reports and services held by ALPEX and provided by its services.
- Application of one service tariff for a participant or another party that pays for the requirements regarding the workshop, training, conferences and similar with those.

Annex A: The list of the tariffs for ALPEX company as the Nominated Electricity Market Operator (NEMO) for the Albanian and Kosovo markets

List of ALPEX Chargers	Tariff payment	Reference in Euro	Paid from the
Administration Tariff	Once	200 €	Exchange Member
Membership Tariff for the Exchange	Once	7,000 €	Exchange
Membership Tariff for the General Clearing Member	Once	5,000 €	Clearing Member
Annual Tariff for the Exchange Member	Annual	10,000 €	Exchange Member
Annual Tariff for the Personal Clearing Member	Annual	2,000 €	Clearing Member
Annual Tariff for the General Clearing Member	Annual	6.000 €	Clearing Member
Variable Trading Tariff for MWh	Transaction	0.070 €	Exchange
Variable Clearing Tariff for MWh	Transaction	0.020 €	Exchange
Trading Tariff on the Name of Someone	Order	20 €	Exchange
Tariff for API user	Annual	2,000 €	Exchange
Maintenance of the Clearing Account for the the Personal Clearing Member	Monthly	100 €	Clearing Member
Administration Tariff of the Bank Guarantee Letter	When deposited	50 €	Clearing Member
Annual training tariff	Annual	200 €	Trading and Clearing Agent
Exam tariff	Annual	100 €	Trading and Clearing Agent
Digital certificate for the user	Annual	50 €	Exchange Member /

- a. For the Kosovo market all the tariffs shall be liquidated in EURO.
- b. For the Albanian market all of the tariffs shall be liquidated in EURO, for the not - residents.
- c. For the Albanian market all of the fix tariffs shall be liquidated in ALL
- d. For the tariffs shall be applied the VAT.

Annex B: Tariff structure for the electricity market in the other comparative markets

Electricity market Country	ALPEX	MEPX Montenegro	MEMO North Macedonia	HENEX Greece	IBEX Bulgaria	CROPEX Croatia	SEEPEX Serbia	BSP Slovenia
Exchange membership tariff	7,000 €	15,000 €	5,000 €	6,000 €	6,000 €	15,000 €	15,000 €	15,000 €
Annual Tariff	10,000 €	12,000 €	9,000 €	10,000 €	12,000 €	12,000 €	10,000 €	4,500 €
Trading tariff	0.07 €/MWh	0.1 €/MWh	0.065 €/MWh	0.046 €/MWh	0.07 €/MWh	0.06 €/MWh	0.095 €/MWh	0.07 €/MWh
Clearing tariff	0.02 €/MWh	0.02 €/MWh	0.02 €/MWh	0.015 €/MWh	0.01 €/MWh	0.03 €/MWh	0.02 €/MWh	0.02 €/MWh
Access taroff for ETSS	N/A	5,000 €	N/A	N/A	N/A	4,000 €	8,000 €	5,000 €
Additional usage tariff for ETSS	N/A	3,000 €	N/A	N/A	1,500 €	1,000 €	3,000 €	1,000 €
Additional portfolio tariff	N/A	2,000 €	2,000 €	N/A	3,000 €	1,000 €	2,000 €	N/A
Tariff for using API	2,000 €	N/A	N/A	S'ka info	2,400 €	1,500 €	No information	1,000 €
Annual Tariff for the Clearing Member	6,000 €	N/A	N/A	9,600 €	N/A	N/A	N/A	N/A
Trading tariff on the name of s.o else	20 € Order	50 € Order	50 € Order	10 € Order	N/A	N/A	No info	N/A
Training tariff	200 €	N/A	N/A	150 €	400 €	N/A	No	200 €
Exam Tariff	100 €	N/A	N/A	150 €	150 €	N/A	No information	100 €