



**REPUBLIC OF ALBANIA  
ASSEMBLY**

**L A W**

**No. 9972, date 22.5.2003**

**ON NATURAL GAS SECTOR**

Based on articles 78 and 83, paragraph 1, of the Constitution, with the proposal of the Council of Ministers,

**ASSEMBLY OF  
THE REPUBLIC OF ALBANIA**

**D E C I D E D:**

**CHAPTER I  
GENERAL PROVISIONS**

**Article 1  
Purpose and object**

1. The purpose of this Law is to establish the legal framework for the development and regulation of the natural gas sector of the Republic of Albania in order to create a competitive marketplace integrated to regional and European markets that provides a high quality of service at reasonable cost.
2. This Law establishes policies, standards, and procedures for the organization and regulation of the natural gas market and natural gas activities including the rights and liabilities of natural and legal persons relating to those activities.

**Article 2  
Scope**

1. This Law shall apply to all natural gas activities, including the production, transmission, distribution, storage, supply, consumption of natural gas and the construction and operation of the natural gas infrastructures.

2. The activity of exploration and production of the natural gas shall not be subject of this law, and shall be regulated by the law no. 7746, dated 28.07.1993 «On hydrocarbons (Exploration and Production)», as amended.
3. For the purpose of this law, the natural gas sector includes natural gas, liquefied natural gas (LNG), as well as gas from biomass or other types of gas that are in so far as such gases can technically and safely be injected and transported through the natural gas system.

### **Article 3** **Definitions**

For the purpose of this law the following terms shall have the following meaning:

1. “Storage” means the injection into, storing and withdrawal of natural gas from storage facilities;
2. “ERE” means the Energy Regulatory Entity responsible for regulation of electricity and natural gas sectors, which is established and functions according to provisions of the law no. 9072, dated 22.05.2003 “On power sector”, as amended and provisions of this law;
3. “Force Majeure” means a 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.
4. “Supply” means the sale of natural gas, including LNG, to customers;
5. “Natural gas” means the methane gas, including the associated gas, that for the purpose of this law shall include LNG, biogas or other of gas that are transmitted in the pipeline system;
6. "Storage facility" means a facility used for the storage of natural gas and owned and/or operated by a natural gas undertaking, including the part of LNG facilities used for storage but excluding the facilities used for production operations, and excluding facilities reserved exclusively for the Transmission System Operator (TSO) in carrying out its functions;
7. “Hydrocarbons” mean crude oil or natural gas;
8. “Third party access” means the right of a third party to access and use the gas systems according to defined terms and conditions.
9. “Access to storage facilities” means the right of a producer, supplier, transporter, eligible customer, natural person and legal person to use storage facilities on the territory of Albania;

10. "Access to the transmission/distribution system" means the right and opportunity of a producer, supplier and/or customer to use the transmission/distribution system;
11. "LNG facility" means a terminal which is used for the liquefaction of natural gas or the import, export, offloading, or re-gaseification of LNG, and shall include ancillary services and temporary storage necessary for the re-gaseification process and subsequent delivery to the transmission system, but shall not include any part of LNG terminals used for storage;
12. "New infrastructure" means an infrastructure not completed by the entry into force of this Law;
13. "CTI" means the Central Technical Inspectorate, which is established and functions according to provisions of law no.9595, date 27.07.2006 "On the Central Technical Inspectorate"
14. "Available capacity" means transmission, distribution, LNG or storage facility capacity, established under relevant regulations, which the system operator can provide to system or network users;
15. "Customer" means wholesale and final customers of natural gas, which purchase natural gas;
16. "Final customer" means a customer purchasing natural gas for its own use;
17. "Eligible customer" means a customer who is free to purchase gas from the supplier of its choice;
18. "Vulnerable customer" means a customer that with his/her income can not afford the natural gas prices, and benefits from the Government subsidization programs.
19. "Residential customer" means a customer who buys natural gas for his/her residential consumption excluding the commercial and professional activities;
20. "Non-residential customer" means a customer who buys natural gas for non-residential use.
21. "Tariff customer" means a customers who is not free to purchase gas from the supplier of its choice;
22. "Take-or-pay contract" means a gas purchase or sale contract which requires the buyer to pay for the gas quantity contracted, whether the gas is consumed by the buyer or not;
23. "Permit" is the act of approval according to procedures by the relevant body provided for in this law to build a gas system infrastructure (gas pipelines, LNG or storage facilities);
24. "Concession permit" means the permission granted by the Council of Ministers for construction and utilization of a gas pipeline according to provisions of the law no. 8450, dated 24.02.1999 "On refining, transporting and trading of oil, gas and their by-products", as amended.

25. "Liquefying of natural gas" mean the process of cooling down of the natural gas under normal conditions up to the temperature of -163°C until it is transformed into Liquefied Natural Gas (LNG);
26. "License" means an authorization issued to a person according to provisions of the Section II of Chapter III of this law to engage in operations in the natural gas sector;
27. "Linepack" means the storage of gas by compression in gas transmission and distribution systems, but excluding facilities reserved for transmission system operators carrying out their functions;
28. "Direct line" means a natural gas pipeline complementary to the interconnected system, connecting a natural gas source with a customer;
29. "Interconnector" means a transmission line which crosses a border between two countries for the sole purpose of connecting the transmission systems of these countries;
30. "Minister" means the Minister responsible for the energy sector;
31. "Ministry" means the Ministry responsible for the energy sector;
32. "Operation" means bringing into commercial operation and use of a natural gas system infrastructure (gas pipeline, LNG or storage facilities)
33. "Storage system operator" means a natural or legal person who carries out the function of storage and is responsible for operating a storage facility;
34. "LNG system operator" means a natural or legal person who carries out the function of liquefaction of natural gas, or the import, export, offloading, and re-gaseification of LNG and is responsible for operating an LNG facility;
35. "Distribution system operator (DSO)" means a person who carries out the function of distribution and is 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 natural gas;
36. "Transmission system operator (TSO)" means a natural or legal person who carries out the function of transmission and is 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 gas;
37. "Person" means a natural or legal person;
38. "Operation" means the use and maintenance from technological aspect of the an infrastructure of the natural gas system (gas pipelines, LNG or storage facilities);

39. “Network or system user” means a person supplying to or supplied by the natural gas system;
40. “Participants” mean all institutions or stakeholders operating in the natural gas system;
41. “Long-term planning” mean the planning of supply and of transmission and distribution capacity of natural gas undertakings on long-term basis for meeting the natural gas demand, diversification of sources and security of supply for customers;
42. “Producer” means a natural or legal person that produces natural gas;
43. “Re-gasification” means the process of warming up of the LNG until it is transformed into gas state.
44. “Rules of practice and procedure” means the rules approved by the Board of Commissioners of ERE defining the procedures and deadlines that ERE applies in its proceedings;
45. “Technical and safety rules” mean the technical rules and safety criteria establishing the minimum requirements of technical design, construction and operation of natural gas transmission and distribution systems, LNG and storage facilities, and direct lines;
46. “Network” means a pipeline interconnected system;
47. "Upstream pipeline network" means any pipeline or network of pipelines operated and/or constructed as part of an oil or gas production project, or used to convey natural gas from one or more such projects to a processing plant or terminal or final coastal landing terminal;
48. “Security” means the natural gas security of supply or/and the technical safety according to the context.
49. "Ancillary services" mean all services necessary for access to and the operation of transmission and/or distribution networks, LNG facilities, and/or storage facilities, including load balancing and blending, excluding the facilities reserved exclusively for the transmission system operator;
50. "Supply undertaking" means any person who carries out the function of supply;
51. “Natural gas undertaking” means any person carrying out at least one of the following functions: production, transmission, distribution, supply, purchase or storage of natural gas including LNG which is responsible for the commercial, technical and/or maintenance tasks related to those functions, but shall not include final customers;
52. “Natural gas integrated undertaking” means a vertically or horizontally integrated undertaking;

53. "Horizontally integrated undertaking" means a natural gas undertaking performing at least one of the functions of transmission, distribution, storage, and supply of natural gas and another activity outside the natural gas sector;
54. "Vertically integrated undertaking" means a natural gas undertaking or a group of undertakings, whose relations are defined in article 3(3) of the Council's Regulation (EEC) no.4064/89, dated December 21, 1989 on the control of concentration of undertakings and where the undertaking/group performs at least one of the functions of transmission, distribution, operation of LNG or storage facilities, and at least one of the functions of production or supply of natural gas;
55. "Distribution" means the transport of natural gas through pipeline networks with a view to its delivery to customers, but not including supply;
56. "System" means any transmission networks, distribution networks, LNG facilities or storage facilities owned or operated by a natural gas undertaking, including linepack and its facilities serving as ancillary services and those necessary for access to transmission and distribution systems and LNG facilities;
57. "Interconnected system" means a number of systems which are linked with each other;
58. "Transmission" means the transport of natural gas through a high pressure pipelines, other than an upstream pipeline network with a view to its delivery to customers, but not including supply;
59. "Transit" means the transport of natural gas from another country and designated to a third country, through the transmission system of Albania;
60. "Trade" means the purchase and sale in wholesale of natural gas.

## **CHAPTER II – NATURAL GAS SECTOR POLICIES**

### **Article 4 Natural Gas Sector Policies**

1. Ministry responsible for energy is the highest institution for making of development policies of natural gas sector.
2. In executing its responsibilities under this law, the Ministry shall consult with other governmental authorities in the energy sector, ERE, as well as natural gas sector stakeholders and social partners where appropriate.
3. The Ministry shall establish policies and plans to ensure a sustainable development of natural gas sector.
4. The Ministry shall develop policies and plans on at least the following issues:
  - a) implementation of natural gas energy objectives and policies;
  - b) encouragement of investments in the natural gas sector;
  - c) environmental protectiona measures in the natural gas sector;

- ç) harmonization with European Union standards and regulations in the gas sector and ensuring inter-operability of Albanian natural gas systems with regional and European systems;
  - d) development of programs for the protection of vulnerable customers, working with other appropriate State and Entity authorities; and
  - dh) development of programs for protection of vulnerable customers in collaboration with other government authorizations and institutions.
5. Minister, in compliance with the criteria and procedures established by a decision of the Council of Ministers, issues professional permits for specialists performing designing and implementing activities in the fields defined in this law, and in the activities of exploration, production, transportation, storing and trading of hydrocarbons in general.

### **Article 5** **Security of gas supply**

1. The gas market participants shall plan and take measures for a safe gas supply in accordance with the regulated standards of gas supply and shall be responsible for the security of gas supply within their scope of activity.
2. The Ministry shall be responsible for monitoring the relations between the offer and demand on the gas market, elaborating estimates of future demands and available offer, planning the construction and development of additional capacities of the gas system, and proposing and taking measures in the case of a crisis situation.
3. The Council of Ministers shall, at the proposal of the Minister, approve the regulation on natural gas security of supply, which shall regulate the measures for securing a reliable and efficient gas supply, and establish:
  - a) criteria and methods of determining sufficient gas volumes for securing a reliable supply of protected customers;
  - b) a schedule for the reduction or cessation of gas supply to particular categories of customers in the case of a crisis situation; and
  - c) a content of the report by a gas supplier on the security of gas supply.
4. The ERE shall be the responsible authority for monitoring of the security of supply.
5. Within the January of each year, the ERE in cooperation with the Ministry shall prepare and publish a report on the gas security of supply proposing appropriate measures required for the improvement of the security.
6. The report prepared according to paragraph 5 of this article shall be submitted consequently to the Council of Ministers and Parliament.

### **Article 6**

## **Safeguard measures**

1. In the event of a sudden crisis in the energy market or where the physical safety or security of persons, apparatus or installations or system integrity is threatened, the Ministry may undertake the necessary temporary safeguard measures with the coordination of relevant authorities.
2. Measures undertaken in cases set forth in paragraph 1 of this article shall cause the least possible disturbance to the functioning of the internal market and shall not be wider in scope than is strictly necessary to remedy the sudden difficulties which have arisen.
3. Minister shall immediately notify the Council of Ministers and when he considers necessary, other countries with which Albania has cooperation relationship in the natural gas sector, concerning the safeguard actions according to paragraph 1 of this article.
4. The Ministry shall inform the relevant institutions of the Treaty establishing the energy community for the measures undertaken according to paragraph 1 of this article.

## **Article 7**

### **Technical and safety rules in gas sector**

1. With the proposal of the Ministry responsible for energy, the Council of Ministers shall approve the technical rules and safety criteria establishing the minimal requirements of technical design and operation with respect to the connection with LNG system facilities, storage facilities, other transmission and distribution systems, and direct lines in order to ensure the inter-operation of the systems.
2. Development and approval of the technical rules and safety criteria set forth in paragraph 1 of this article shall be done within 4 (four) years from the date this law enters into force. Until the approval of these rules by the Council of Ministers, the rules and safety criteria of EU countries shall be applied. Minister shall decide on the rules to be applied.
3. Within 3 (three) years from the date this law enters into force, Minister shall enact the technical norms for carrying out the operations of natural gas storage in the hydrocarbon fields or in other underground storage facilities suitable for this purpose taking into account the European normatives in this field.
4. Technical norms set forth in paragraph 3 of this article shall be updated by the Ministry in function of the technical and technological development of natural gas storage system.
5. The control of implementation and observation of the rules provided for in paragraph 1 of this article in the natural gas sector shall be carried out by the relevant structures according to legislation in force.

## **Article 8**

### **Construction and use of natural gas pipelines and infrastructure**



1. The construction and operation of natural gas transmission and distribution pipelines, LNG facilities, storage facilities, direct lines as well as the interconnection of the Albanian natural gas system with the neighbouring systems shall be made with a special permit of the Council of Ministers.
2. The permit shall be granted for a term of 30 years with the right to be renewed. The manner of renewal will be defined in the agreement between both parties. If a permit will not be renewed after the expiration of the term, the built assets will be transferred under Albanian government property.
3. The Council of Ministers shall approve rules regarding the conditions and procedures for granting the permits. The rules shall be based on the criteria of non-discrimination, equal treatment and transparency.
4. The permit granted according to paragraphs 1 of this article shall not exclude the receiving of other permits required for a normal construction according to the legislation in force.

## **CHAPTER III – REGULATION OF NATURAL GAS SECTOR**

### **SECTION I – ENERGY REGULATORY ENTITY**

#### **Article 9 Regulatory Authority**

1. The Energy Regulatory Entity (ERE) shall be the responsible body for regulation of the natural gas activities except the activity of natural gas exploration and production.
2. In addition to the powers and responsibilities granted to the ERE in this Law, the ERE shall retain any powers and responsibilities bestowed upon it through the law no. 9072, dated 22.05.2003 “On power sector”, as amended or any other legal acts.
3. As to the conflict of interest, members of the Board of Commissioners and the technical staff of the ERE shall be subject of provisions of article 6 of the law no. 9072, dated 22.05.2003 “On power sector”, as amended.

#### **Article 10 Budget and Financing of ERE**

1. ERE financial budget shall be established by the financial sources as provided for by the law no. 9072, dated 22.05.2003 “On power sector”, as amended and regulatory fees paid by the licensees in the natural gas sector.
2. The ERE shall establish the license application fees and regulatory fees to be paid by licensees in the gas sector.

#### **Article 11 Responsibilities of ERE in natural gas sector**

The ERE shall have regulatory authority over the natural gas sector, including, but not limited to, the following:

1. Defining and approving of the methodologies used to calculate or establish the terms and conditions for:
  - a) connection and access to the networks, including transmission and distribution tariffs. These tariffs or methodologies shall allow the necessary investments in the networks to be carried out in a manner allowing these investments to ensure the viability of the networks;
  - b) connection and access to storage facilities, LNG facilities, ancillary services and for the supply of gas to tariff customers;
  - c) provision of balancing services.
2. Monitoring security of supply, including, but not limited to, the supply/demand balance on the internal market, the level of expected future demand and available supply, potential additional capacity being planned or under construction, the quality and level of maintenance of the networks, and measures to cover peak demand and to deal with shortfalls of one or more suppliers;
3. Regulation and guaranting of access, including access by gas from biomass sources, to the transmission and distribution system, including:
  - a) rules on the management and allocation of interconnection capacity, in consultation with the regulatory authorities of the interconnected countries;
  - b) publication and the manner of publication of sufficient information by the OST and DSO for interconnections, network use and capacity allocation for interested parties, including tariffs, taking into account the need of treatment of confidential commercial information;
  - c) any mechanisms to deal with congested capacity within the national gas system;
  - ç) ruling on derogations from providing third-party access based on take-or-pay commitments and other agreements among gas system undertakings and system users.
4. Implementation of public service obligations.
5. Consumer protection.
6. Establishing a phased market opening and the qualifications of eligible customers and the timeline for their eligibility consistent with Albania's international obligations and other legal requirements.
7. Ensuring that eligible customers may effectively choose new suppliers;
8. General conditions of supply, including establishment of transparent general contractual terms and conditions.
9. Granting, modification, transferring and withdrawing of licenses for natural gas undertakings.
10. Approving rules adopted by the OST for balancing the gas transmission system.
11. Approving the investment plans of the licensees in the natural gas sector.

12. Setting minimum requirements for the OST for maintenance and development of the transmission system, including interconnection capacity.
13. Approval of the accounting unbundling guidelines to ensure there are no cross-subsidies among sector activities, including regulations regarding how the accounts of natural gas undertakings are to be kept and audited.
14. Preserving the confidentiality of commercially sensitive information of gas undertakings and other sector participants.
15. Defining the dispute resolution mechanisms for natural gas undertakings.
16. Determining exemptions from accessing or tariff requirements for new infrastructure.
17. Setting minimum standards regarding quality of service, specifically regarding the time taken by transmission and distribution system operators to make connections and repairs.
18. Establishing mechanisms to avoid any abuse of a dominant position, in particular to the detriment of consumers, and any predatory behavior.
19. Monitoring and information reporting requirements applicable to natural gas undertakings and the natural gas sector generally in order to ensure effective and efficient administration of this law and its requirements.
20. Creation of a level playing field for all natural gas market participants collaborating with other regulatory authorities, especially with the Energy Community Regulatory Board and Ministerial Council.

### **Article 12** **ERE Rules of Practice and Procedure**

Within 12 months from the date this law enters into force, the ERE shall adopt the amendments to the rules of practice and procedure governing the ERE proceedings pertaining to natural gas, including but not limited to treatment of confidential information.

### **Article 13** **Reporting**

Within March 31 of each year, the ERE shall submit to the Parliament an annual report on the situation of natural gas sector, the ERE's activities and findings regarding the ERE monitoring responsibilities, including an assessment of the level of transparency and competition in the market.

## **SECTION II – LICENSING IN NATURAL GAS SECTOR**

### **Article 14** **Licenses and Licensing Procedures**

1. The ERE shall issue licenses for carrying out of the following activities:

- a) transmission of natural gas;
  - b) distribution of natural gas;
  - c) supply of natural gas;
  - ç) trading of natural gas
  - d) operation of natural gas storage facilities;
  - dh) operation of LNG facilities.
2. It shall be unlawful carrying out one of the activities in the natural gas sector set forth in paragraph 1 of this article without an authorization of ERE in form of a license.
  3. The ERE shall issue the license for transmission of natural gas to a legal person only for a certain territory.
  4. The ERE shall issue licenses for natural gas distribution and supply of tariff customers to a person only for a certain service area.  
The ERE shall determine the transmission and distribution zones by an ordinance based on technical and economic criteria.
  5. Municipalities and communes may undertake activities set forth in paragraph 1 of this article when a license is issued to them by the ERE.
  6. The ERE in issuing, refusing, modifying and withdrawing a license in the natural gas sector shall apply the criteria and procedures provided for in articles 16, 17, 18 and 19 of the law no. 9072, dated 22.05.2003 “On power sector”, as amended.
  7. The ERE shall approve a regulation on licensing procedures of the natural gas activities including deadlines, format, manner and the fee for a license application.
  8. For the operation of a direct line no license is required to be issued by the ERE.

**Article 15**  
**Keeping of accounts of Licensees**

1. Any undertaking licensed in the natural gas sector carrying out more than one of the activities related to production, transmission, distribution, supply, and operation of LNG facilities and storage facilities, shall keep separate accounts for each activity, and it will prepare consolidated balance sheets in accordance with required accounting practices.
2. These undertakings shall also keep separate accounts for the activities not related to production, transmission, distribution, supply, and operation of LNG facilities and storage facilities of natural gas.
3. The ERE may approve uniform standards of accounts for all licensees in the natural gas sector.
4. The ERE shall audit the accounts of the licensees preserving the confidentiality of sensitive commercial information of the licensees.

**Article 16**  
**Investment plans**

1. The OST and DSO shall prepare long-term investment plans for development, construction and upgrading of transmission and distribution systems of natural gas for a period not less than 5 years.
2. Investment plan shall be submitted to the ERE for approval.
3. The long-term investment plans will be evaluated according to a benefit analysis.
4. The ERE is authorized to approve specific rules governing the manner, form and the deadline of submission of licensees investment according to paragraph 1 of this article.

### **SECTION III – TARIFFS OF NATURAL GAS SECTOR**

#### **Article 17**

##### **Activities with regulated tariffs**

1. The ERE shall set the tariffs for transmission network access, distribution network access, transmission and distribution network connection fees, access to storage facilities, ancillary services, balancing, and supply to tariff customers.
2. The competitive activities include wholesale commercialization of gas among suppliers and retail sale between suppliers and eligible customers, in which prices are freely set based on offer and demand.
3. When in the estimation of ERE, a storage facility, balancing services or ancillary service is operating in a sufficiently competitive market, ERE may choose to allow market-based pricing.

#### **Article 18**

##### **Tariff setting principles**

1. Tariffs and tariff methodologies shall be non-discriminatory, transparent, take into account the need for system integrity and reflect efficiently incurred costs, including appropriate return on investments.
2. Tariffs shall facilitate efficient gas trade and competition, while avoiding cross-subsidies among system users.
3. Tariffs shall not restrict market liquidity or distort trade across borders of different transmission systems.
4. ERE shall approve tariffs that recover efficiently incurred costs related to regulated activities, ensuring a reasonable rate of return for the capital invested in regulated activities, and that stimulate the development of transmission, storage and distribution capacities, attracting foreign investment and technology transfer.
5. Tariff methodologies may include appropriate incentives to improve service and to promote an optimal load balance.
6. ERE shall publish in the Official Journal any its decision for tariff proposals.
7. Natural gas undertakings shall publish their tariffs at least 15 days before they become effective in accordance with the ERE regulations.

**Article 19**  
**Balancing charges**

1. The OST shall submit for approval by ERE balancing charges based upon objective criteria that reflect genuine system needs taking into account the resources available to the OST. The balancing charges shall be set consistent with the following criteria:
  - a) tolerance levels shall be designed in a way that that reflect seasonality and the actual technical capabilities of the transmission system. Tolerance levels shall reflect genuine system needs and shall be non discriminatory and transparent;
  - b) imbalance charges shall be cost-reflective to the extent possible, while providing appropriate balancing incentives to balance input and off-take of gas, and shall avoid cross-subsidies between network users or entry barriers to new network users;
  - c) penalty charges to network users who are not in compliance with ERE approved balancing rules may exceed actual balancing costs, but only to the extent needed to ensure an efficient and structurally comparable network operator. Penalties that exceed the effectively incurred balancing costs shall be re-distributed to the system users on a non-discriminatory basis;
2. The OST shall publish sufficient, well-timed, and reliable on-line information on the balancing status of network users that is necessary to enable network users to take timely corrective actions. The level of information provided shall reflect the level of information available to the OST.
3. The OST shall publish all terms and conditions, including rules and tariffs, for the provision of balancing services.

**CHAPTER IV – NATURAL GAS SECTOR ACTIVITIES**

**SECTION I – TRANSMISSION OF NATURAL GAS**

**Article 20**  
**Transmission System Operator**

1. The activity of transmission and dispatching of natural gas is an activity of public interest and it shall be carried out by the Transmission System Operator with the rights and responsibilities established in this law.
2. The OST shall be independent at least in terms of its legal form, organization and decision making from other activities not relating to transmission.
3. The OST shall operate in accordance with the principles embodied in this law and the principles of objectivity, transparency and non-discrimination.

**Article 21**  
**OST responsibilities**

1. The OST shall own, operate, construct, and maintain the natural gas transmission system and shall ensure under economic conditions sufficient capacity to meet reasonable demand for transmission of natural gas in a defined territory.
2. The OST shall ensure the service of natural gas transmission in accordance with license conditions and the ERE rules.
3. The OST shall ensure the balancing of the system in accordance with the balancing rules of the transmission system, which are submitted to the ERE for approval.
4. The OST conducts all transmission system users in an open, transparent, and objective manner, and refrain from discrimination among system users or classes of system users, particularly in favor of its related undertakings.
5. The OST develops ERE-approved technical operation agreements at the border when the supplier is an exporter or a beneficiary of transit of gas on the territory of the Republic of Albania.
6. The OST provides any neighboring transmission system operators, DSO, LNG operator or other licensed natural gas undertaking with sufficient information to ensure inter-operability of the system, and to ensure secure and efficient operations of the interconnected system.
7. The OST provides system users with public detailed information in a meaningful, quantifiably clear and easily accessible way regarding services offered, conditions for service, and technical information necessary for network users to gain effective network access, including, but not limited to technical, contracted and available capacities, consistent with confidential information exemptions as approved by the ERE.
8. The OST shall preserve the confidentiality of any sensitive commercial information.

**Neni 22**  
**Third Party Access to Transmission System**

1. The OST provides non-discriminatory third party access to transmission within the limits of transmission capacities and technical rule requirements;
2. The OST publish the terms and conditions approved by the ERE, including rules and tariffs, for the provision of third parties access to transmission system;
3. The OST may refuse access to the system on the basis of lack of capacity or where the access to the transmission system would prevent them from carrying out the public service obligations according to article 44 of this law or on the basis of serious economic and financial difficulties with take-or-pay contracts that have been effective before the request for access to the system.

4. For any refusal for access to the transmission system, the OST shall present the reasons for such a refusal and shall inform in writing the parties to whom was refused the access.
5. Any person to whom was refused the access to the transmission system or has any objection regarding the access terms and conditions, may file a complaint with the ERE.
6. The ERE shall establish the procedures, including the the deadlines, for reviewing of any complaint set forth in paragraph 5 of this article.
7. The ERE decision, if not appealed to the court, shall be binding for parties.

### **Article 23**

#### **Transit**

1. Transit of natural gas shall be conducted by the OST in accordance with this law and and other effective by-legal acts as well as with international treaties and agreements ratified by Albania.
2. The OST may undertake development of transit capacities, consistent with the Albanian Government directives and policies, and with the requirements of Treaty establishing the Energy Community.
3. Transit contracts and any allocation of capacity thereby shall be accomplished in compliance with the ERE license and rule requirements regarding third party rights to access to the network.

### **Article 24**

#### **Responsibilities regarding operation of storage facilities**

1. The OST, in case it operates the storage facilities, may construct, operate and maintain facilities related to storage in order to ensure security and efficiency of supply to customers, harmonize seasonal, daily and hourly variations of consumption, ensure the physical balance of the system, fulfill public service obligations, and ensure capacity for eligible customers.
2. Third party access to storage facilities shall be assured in compliance with the ERE license and rule requirements.
3. If the OST operates any storage facility, it will keep fully separated accounts for both activities.

### **Article 25**

#### **Transmission Grid Code**

1. The ERE may decide that all or portions of the rules and regulations relating to the operation of the transmission system be set forth in a Transmission Grid Code.
2. The Transmission Grid Code shall be proposed by the OST, after consultation with natural gas sector participants, and shall be approved by the ERE. The OST shall publish the Transmission Grid Code in a location easily accessible to the public.



3. Despite the proposal of the OST, the ERE under its discretion, may include in the Transmission Grid Code the following provisions:
- a) the terms, conditions, technical details and minimum operating specifications for the access of users to the transmission system;
  - b) the procedure, terms, conditions and restrictions related to the commitment and resale of network transmission capacity and LNG or storage facilities of users, and the further assignment of committed transmission and storage capacity to other users;
  - c) the management of gas input points in the transmission system;
  - ç) the measurement process and determination of quality specifications and conditions for acceptance of gas delivery;
  - d) the allocation procedure of measured quantities of gas to users at the system input and off-take points;
  - dh) the planning and maintenance of the transmission system and the relevant obligations of the OST and system users;
  - e) the procedure for the preparation of the transmission system development plan and for the monitoring and control of its implementation, and all details related to transmission system development;
  - ë) congestion management mechanisms;
  - f) balancing procedures and costs;
  - g) all issues related to transmission commitment contracts, the requirement that a portion of such contracts must be devoted to load balancing needs and public service obligations, maximum capacity limits that may be committed to the same user and input points, any exceptions for pre-existing contracts, the release of capacity under such contracts if unused and the transferability of rights;
  - gj) the criteria on which consumers' supply may be interrupted in order of priority for reasons of security of supply;
  - h) the procedure for the extrajudicial settlement of disputes between users and the OST;
  - i) the rules governing the OST's transactions with system users and especially the accounts that must be kept by the OST for that purpose; and

- j) all other issues related to the regulation of management, operation, maintenance and development of the transport network system.

## **SECTION II – DISTRIBUTION OF NATURAL GAS**

### **Article 26 Distribution System Operator**

1. The activity of the distribution of natural gas is an activity of public interest and it shall be carried out by a Distribution System Operator within a certain territory with the rights and responsibilities established in this law.
2. Each Distribution System Operator shall be independent at least in terms of its legal form, organization and decision making from other activities not relating to distribution.
3. The Distribution System Operator shall operate the distribution network in accordance with the principles embodied in this law and the principles of objectivity, transparency and non-discrimination.
4. No other companies shall have jurisdiction or authority in the area of gas distribution or own gas distribution assets except as authorized by the ERE.

### **Article 27 Distribution System Operator's responsibilities**

1. The Distribution System Operator shall own, operate, construct, and maintain the natural gas distribution system in its service area as licensed by the ERE and shall ensure sufficient capacity to meet reasonable demand for the distribution of natural gas;
2. The Distribution System Operator shall ensure a reliable and efficient service of natural gas distribution in accordance with license conditions and the ERE rules;
3. The Distribution System Operator is obliged to connect every customer located in the distribution area asking it based on objective and transparent criteria, provided that the distribution system will have sufficient capacity and all other technical and commercial requirements are met;
4. The Distribution System Operator conducts all transmission system users in an open, transparent, and objective manner, and refrain from discrimination among system users or classes of system users, particularly in favor of its related undertakings;
5. The Distribution System Operator provides system users with public detailed information in a meaningful, quantifiably clear and easily accessible way regarding services offered, conditions for service, and technical information necessary for network users to gain effective network access, including, but not

- limited to technical, contracted and available capacities, consistent with confidential information exemptions as approved by the ERE.
6. The Distribution System Operator publishes terms and conditions approved by the ERE, including rules and tariffs for providing distribution services.
  7. The Distribution System Operator shall preserve the confidentiality of any sensitive commercial information of distribution system users.

### **Article 28**

#### **Third Party Access to Distribution System**

1. The Distribution System Operator provides non-discriminatory third party access to distribution system within the limits of distribution capacities and technical rule requirements.
2. The Distribution System Operator shall publish the terms and conditions approved by the ERE, including rules and tariffs, for the provision of third parties access to distribution system.
3. The Distribution System Operator may refuse access to the distribution system on the basis of lack of capacity or where the access to the system would prevent them from carrying out the public service obligations or on the basis of serious economic and financial difficulties with take-or-pay contracts that have been effective before the request for access to the system.
4. For any refusal for access to the distribution system, the Distribution System Operator shall present the reasons for such a refusal and shall inform in writing the parties to whom was refused the access.
5. Any person to whom was refused the access to the distribution system or has any objection regarding the access terms and conditions, may file a complaint with the ERE. The ERE decision, if not appealed to the court, shall be binding for parties.

### **Article 29**

#### **Distribution Grid Code**

1. The ERE may decide that all or portions of its rules and regulations relating to the operation of the distribution system be set forth in a Distribution Grid Code.
2. The Distribution Grid Code shall be proposed by the Distribution System Operator/s, after consultation with other sector participants and social partners, if any, and shall be approved by the ERE. The Distribution System Operator/s shall publish the Grid Code in a location easily accessible to the public and in its website.
3. The ERE may, under its discretion, decide that the Distribution Grid Code includes any and all provisions related to the regulation of the management, operation, maintenance and development of distribution systems and general conditions of supply, like application for distribution grid access, prepayment for the network access, if any, metering, billing how to switch a supplier in case the final customer is an eligible one and connected to the distribution network , how to quit the contract force majeure, etc.

## **SECTION III – PRODUCTION OF NATURAL GAS**

### **Article 30 Producers**

1. Any person engaged in the activity of natural gas production shall be subject of the law no. 7746, dated 28.07.1993 «On hydrocarbons (Exploration and Production)», as amended.
2. Producers that have signed a hydrocarbon agreement according to provisions of the law no. 7746, dated 28.07.1993 «On hydrocarbons (Exploration and Production)», as amended, may request to be connected to the transmission or distribution network complying with technical terms and standards set forth in the transmission or distribution grid code. Expenses for connection of producers with the transmission or distribution network shall be born by producers.
3. Producers may construct direct lines to meet their own needs or to supply one or more eligible customers.
4. Natural gas producers may carry out the activities of trade or supply of natural gas to eligible customers according to provisions of this after they get a license by the ERE for these activities.

## **SECTION IV – STORAGE OF NATURAL GAS**

### **Article 31 Storage activity**

1. The natural gas storage activity can be carried out by any company that is in possession of natural gas storage facilities under a hydrocarbon agreement signed according to provisions of the law no. 7746, dated 28.07.1993 «On hydrocarbons (Exploration and Production)», as amended, or under any other legal form.
2. Each possessor of storage facilities shall be obliged to manage these facilities in a coordinated and integrated way in order to guarantee their optimization and the security of the natural gas system.
3. Possessors of storage facilities are obliged to secure and provide the stocking services to persons that make a request for use of storage facilities provided that these services based on established criteria are technically and economically feasible.

### **Article 32 Access to storage facilities**

1. Access to storage facilities shall be permitted when technically or economically necessary for efficient access to the system for the supply of customers.
2. The provisions of paragraph (1) of this article shall not apply to ancillary services and temporary storage that are related to LNG facilities and are

- necessary for the re-gaseification process and subsequent delivery to the transmission system.
3. Natural gas undertakings and eligible customers covered by the interconnected system shall have a right to access storage facilities, on the basis of published tariffs, or other terms and conditions for use of those storage facilities.
  4. The ERE defines the criteria and priorities for the access to storage facilities based on equal, non-discriminatory and objective conditions, as well as the obligations of the persons carrying out a storage activity.
  5. The ERE may approve a storage operation code governing the operation of natural gas storage facilities.

## **SECTION V – OPERATION OF LNG FACILITIES**

### **Article 33 LNG System Operator**

The LNG System Operator may be a legal person to whom a license for carrying out the activity of the operation of LNG System was granted.

### **Article 34 Duties of LNG System Operator**

The LNG system operator shall:

- a) operate, maintain and develop a safe, reliable and efficient LNG facility;
- b) have the approval for use of the existing LNG system facilities;
- c) connect the LNG facility to the transmission system pursuant to the technical rules for the Transmission System and the rules for the use of the LNG facility;
- ç) establish and secure a system of measurement of inflows and outflows and the gas quality parameters;
- d) offload and re-gasify LNG on the basis of signed contracts;
- dh) secure objective, equal and comprehensible conditions of access to the LNG facility pursuant to this law and the general conditions of the natural gas supply;
- e) elaborate a five-year LNG facility development plan, publish it and update it annually, and deliver it to the ERE for approval;
- ë) provide regulated information to the transmission system operator, with a view of safe and efficient functioning and development of interconnected systems;
- f) provide regulated information to gas market participants, sufficiently in advance, on the volume and the date of the cessation of the LNG facility operation and the expected reduction of the LNG facility capacities;
- g) secure the protection of confidential information of commercial nature obtained in the course of carrying out his business.

**Article 35**  
**Rights of LNG System Operator**

The LNG system operator shall have the right to:

- a) refuse access to the LNG facility under the conditions referred to in Article 41 hereof;
- b) purchase gas for its own consumption and compensation of gas losses in the LNG facility;
- c) limit or temporarily cease the contracted offloading and re-gasification of LNG:
  - i) in case of a direct threat to human lives, health or property with a view of eliminating such threats;
  - ii) in case of a crisis situation and with a view of preventing a crisis situation;
  - iii) in case of planned maintenance or reconstruction of the LNG facility;
  - iv) in cases when a user does not respect his/her contractual obligations.

**SECTION VI – NATURAL GAS SUPPLY**

**Article 36**  
**Suppliers**

- 1. Every person engaged in the activity of natural gas supply shall get a license by the ERE, and shall be subject of the ERE regulatory authority.
- 2. The supply with natural gas of tariff customers shall be carried out by the public supplier. Public supply is responsibility of the Distribution System Operator for all tariff customers located in the licensed area of the Distribution System Operator.
- 3. Eligible Customers will be supplied by any qualified supplier licensed by the ERE and chosen by them.
- 4. Public suppliers supplying natural gas tariff customers exercise the functions of the supplier of last resort.

**Article 37**  
**Public Utility Supply Contract**

- 1. The ERE shall approve a standart public utility supply contract, which stipulates the providing of a continous and reliable supply with natural gas of tariff customers.
- 2. The public supplier is obliged to sign a public utility supply contract with every tariff customer asking for connection to transmission or distribution system and be supplied with natural gas.

3. The public supplier may refuse the starting of supply with natural gas of a tariff customer or may interrupt the supply of the already started gas supply if:
  - a) the connection pipeline or the customer's equipment endangers human life or health, or the security of property;
  - b) the customer has not met its obligations specified in the public utility supply contract in spite of the notice of the supplier for these obligations;
4. The supply of a customer can only be refused until the circumstances serving as a basis for the refusal according to paragraph 3 of this article prevail.
5. The supplier interrupts the supply of customers under the force majeure conditions.

### **Article 38** **Eligible customers**

1. Eligible customers may be:
  - a) final customers that consume during a year more than an amount of natural gas as defined by the ERE;
  - b) plants consuming natural gas for generation of electricity;
  - c) plants consuming natural gas for the combined production of electricity and heat.
2. Final customers included in one of three categories defined in paragraph 1 of this article may choose to remain tariff customers and be supplied by the Distribution System Operator where they are connected to.
3. In setting the amount of natural gas consumed during a year for the status of eligible customer, the ERE shall take into consideration the technical possibilities of the natural gas system and the international commitments of Albania.

### **Article 39** **Metering of supplied natural gas**

1. The natural gas used by the customers shall be metered by the Distribution System Operator according to registrations of metering equipment. Installation, maintenance and calibration of meters' accuracy shall be made by the Distribution System Operator with its own expenses.
2. The ERE shall be authorized to request to Distribution System Operator to check metering equipment for each category of customers. Customers are obliged to enable the reading and monitoring of natural gas metering equipment.
1. Any other interference in the meters is prohibited and punished according to the Legislation in Force.
2. The ERE shall be authorized to approve specific rules for metering system and metering.

### **Article 40** **Exemptions for New Infrastructure**

1. Major new gas infrastructures, such as interconnectors between countries, transmission pipelines, LNG and storage facilities, may, upon request, to be exempted by the ERE from the provisions of access requirements under article 23, paragraph 3, article 24, paragraph 2, article 32, and and article 34, paragraph “dh” of this law, including otherwise applicable tariffs, under the following conditions:
  - a) the investment must enhance competition in gas supply and enhance security of supply;
  - b) the level of risk attached to the investment is such that the investment would not take place unless an exemption was granted;
  - c) the infrastructure must be owned by a natural or legal person which is separate at least in terms of its legal form from the system operators in whose systems that infrastructure will be built;
  - ç) charges are levied on users of that infrastructure;
  - d) the exemption is not detrimental to competition or the effective functioning of the internal gas market, or the efficient functioning of the regulated system to which the infrastructure is connected.
2. Paragraph 1 of this article shall apply also to significant increases of capacity in existing infrastructures and to modifications of such infrastructures which enable the development of new sources of gas supply.
3. The ERE may, on a case by case basis, decide on the exemption referred to in paragraphs 1 and 2 of this article subject to the following criteria:
  - a) The ERE shall request the opinion of the Ministry on the request for an exemption, which opinion shall be published together with ERE’s decision;
  - b) The exemption may cover all or parts of, respectively, the new infrastructure, the existing infrastructure with significantly increased capacity or the modification of the existing infrastructure;
  - c) In deciding to grant an exemption, consideration shall be given, on a case by case basis, to the need to impose conditions regarding the duration of the exemption and non-discriminatory access to the interconnector;
  - ç) When deciding on the conditions in this paragraph, account shall, in particular, be taken of the duration of contracts, additional capacity to be built or the modification of existing capacity, the time horizon of the project and national circumstances;
  - d) When granting an exemption, the ERE may decide upon the rules and mechanisms for management and allocation of capacity insofar as this does not prevent the implementation of long term contracts;
  - dh) In the case of an interconnector any exemption decision shall be taken after consultation with the other countries or regulatory authorities concerned;



4. The exemption decision, including any conditions, shall be duly reasoned and published in the Official Journal. Without revealing commercially sensitive information, the decision shall contain:
  - a) the detailed reasons on the basis of which the ERE granted the exemption, including the financial information justifying the need for the exemption;
  - b) the analysis undertaken of the effect on competition and the effective functioning of the internal gas market resulting from the grant of the exemption;
  - c) the reasons for the time period and the share of the total capacity of the gas infrastructure in question for which the exemption is granted;
  - ç) in case the exemption relates to an interconnector, the result of the consultation with the countries or regulatory authorities concerned; and
  - d) the contribution of the infrastructure to the diversification of gas supply.
5. For any exemption decision according to this article, the ERE shall inform immediately the European Commission.

#### **Article 41**

##### **Derogations in Relation to Take or Pay Commitments**

1. If a natural gas undertaking encounters, or considers it would encounter, serious economic and financial difficulties because of its take-or-pay commitments accepted in one or more gas purchase contracts, the natural gas undertaking may apply to the ERE for a temporary derogation from the duty to provide access. Applications shall be presented on a case-by-case basis, either before or after refusal of access to the system, at the choice of the natural gas undertaking. Where a natural gas undertaking has refused access, the application shall be presented without delay. The application shall be accompanied by all relevant information on the nature and extent of the problem and on the efforts undertaken by the natural gas undertaking to solve the problem.
2. With respect to the situation described in paragraph 1 of this article, if alternative solutions are not reasonably available, the ERE may decide to grant a derogation. When deciding on derogation, the ERE shall take into account, in particular, the following criteria:
  - a) the objective of achieving a non discriminatory, transparent competitive gas market;
  - b) the need to fulfill public service obligations and to ensure security of supply;
  - c) the position of the natural gas undertaking in the gas market and the actual state of competition in the market;

- ç) the seriousness of the economic and financial difficulties encountered by natural gas undertakings, the OST or eligible customers;
  - d) the dates of signature and terms of the contract or contracts in question, including the extent to which they allow for market changes;
  - dh) the efforts made to find a solution to the problem;
  - e) the extent to which, when accepting the take-or-pay commitments in question, the undertaking could reasonably have foreseen, having regard to the provisions of this law, that serious difficulties were likely to arise;
  - ë) the level of connection of the system with other systems and the degree of inter-operability of these systems; and
  - f) the effects the granting of a derogation would have on the correct application of this law as regards the smooth functioning of the internal gas market.
3. Natural gas undertakings which have not been granted a derogation as referred to in paragraph 1 of this article shall not refuse access to the system because of take-or-pay commitments accepted in a gas purchase contract.
  4. Any derogation granted by the ERE shall be published and duly substantiated.

## **Article 42**

### **Capacity Allocation and Congestion Management**

1. The maximum capacity at all relevant points shall be made available to market participants, taking into account system integrity and efficient network operation. The OST shall implement nondiscriminatory, transparent, and market-based capacity allocation mechanisms approved by the ERE.
2. The OST shall inform the ERE, in accordance with the ERE regulations when demand for transmission capacity commitment at an input or off-take point reasonably creates potential congestion at that point.
3. When the OST concludes new transportation contracts or renegotiates existing transportation contracts, the contracts shall take into account the following principles:
  - a) In the event of contractual congestion, when the level of demand exceeds technical capacity, the OST shall offer contracted but unused capacity on the primary market at least on a day-ahead; and
  - b) System users who wish to permanently or temporarily re-sell their unused contracted capacity on a secondary market shall be entitled to do so.
4. The OST shall compile and publish historic information and flow projections and each input and off-take point for any time period required by the ERE.
5. The ERE may approve the imposition of a transparent and non-discriminatory fee, as a part of transmission and transit tariffs, to ameliorate congestion at identified input or off-take points.

**Article 43**  
**Combined System Operator**

1. Provisions of article 21, paragraph 2 and article 27, paragraph 2 not exclude the combined operation of the transmission and distribution systems, LNG and storage facilities by a single operator, which should be independent in terms of its legal form, organization and decision making from other activities not related to the operation of transmission and distribution systems, LNG and storage facilities.
2. The person responsible for the management of combined system operator shall not be included in the structure of the integrated natural gas undertaking, which is, directly or indirectly, responsible for daily operation of the natural gas production and supply.
3. The ERE shall ensure that the combined system operator has the technical and managing abilities to operate independently.
4. The combined system operator shall keep separate accounts for each activity according to article 15 of this law, and the ERE shall issue separate licenses for all activities it carries out in the natural gas sector.
5. The combined system operator shall prepare a program, which prescribe the measures to avoid discriminatory conduct and its monitoring.

**Article 44**  
**Direct Lines**

1. The natural gas undertakings established within the territory of Albania may opt to supply eligible customers through a direct line.
2. The natural gas undertakings or eligible customers may request to the Council of Ministers the approval of a direct line.

**CHAPTER V – PUBLIC SERVICE OBLIGATIONS**

**Article 45**  
**Public Service Obligations**

1. The activities of transmission, distribution and supply of tariff customers with natural gas shall be carried out as public services.
2. The Council of Ministers and the ERE may impose to licensees in the natural gas sector public service obligations in relation to:
  - a) security of supply;
  - b) supply quality and tariffs;
  - c) usage of domestic natural gas resources;
  - ç) environment protection;
  - d) protection of citizens' health, life and property.

3. The public service obligations should be clearly defined, non-discriminatory, transparent and easily verifiable.

**Article 46**  
**Supplier of last resort**

The ERE may appoint a supplier of last resort for customers connected to natural gas network other than the Distribution System Operator as provided for by paragraph 4 of article 36 of this law.

**Article 47**  
**Obligation to serve**

After a tariff customer becomes an eligible customer, natural gas undertakings shall continue to serve such customers until they actually choose an alternate supplier.

**CHAPTER VI – CONSUMER PROTECTION AND DISPUTE RESOLUTION**

**Article 48**  
**General conditions of supply**

The ERE shall approve general conditions of supply for the supply of tariff customers that shall ensure that such customers:

- a) are afforded a right to a contract with their gas service providers that specifies:
  - i) the identity and address of the supplier;
  - ii) the services provided, the service quality levels offered, as well as the time for the initial connection;
  - iii) if offered, the types of maintenance service offered;
  - iv) the means by which up-to-date information on all applicable tariffs and maintenance charges may be obtained;
  - v) the duration of the contract, the conditions for renewal and termination of services and of the contract, the existence of any right of withdrawal;
  - vi) any compensation and the refund arrangements which apply if contracted service levels are not met; and
  - vii) the method of initiating procedures for settlement of disputes in accordance with article 49 of this law.
- b) are given adequate notice of any intention to modify contractual conditions and are informed about their right of withdrawal when the notice is given. Suppliers shall be required to notify their customers directly of any increase in charges, no later than one normal billing period before the increase comes into effect;

- c) receive transparent information on applicable prices and tariffs and on standard terms and conditions, specifically with respect to access to and use of gas services;
- ç) benefit from transparent, simple and inexpensive procedures for dealing with their complaints. Such procedures shall enable disputes to be settled fairly and promptly with provision, where warranted, for a system of reimbursement and/or compensation;
- d) are informed about their rights to be supplied, under this law, with gas of a specified quality at published tariff prices.

**Article 49**  
**Dispute Resolution**

- 1. The ERE is authorized to resolve disputes between and among transmission and distribution system and storage facilities users and natural gas undertakings, including system operators.
- 2. The ERE shall promulgate regulations consistent with the following principles for dispute resolution.
- 3. ERE decisions resolving disputes shall have binding effect unless and until overruled by a final ruling of a court of competent jurisdiction.
- 4. ERE may delegate resolution of disputes to ERE-appointed arbitrators who have expertise in the area of dispute resolution.
- 5. ERE may require suppliers to develop internal mechanisms to treat consumer disputes.
- 6. With respect to complaints by interested parties against a system operator with respect to access or storage facilities, the ERE shall issue a decision within two months after receipt of the complaint. This two-month period for resolution may be extended by two additional months where additional information is sought by the ERE or by agreement of the complainant.

**CHAPTER VII – PROPERTY RIGHTS**

**Article 50**  
**Property rights of licensees**

- 1. The licensees, for carrying out of the activities in the natural gas sector for each it is licensed, in compliance with the provisions of the Civil Code and the provisions of the law no. 8561, dated 22.12.1999 “On expropriation and taking in temporary use of private property for public interest” may request from third parties may exercise one of the following rights:
  - a) easement;
  - b) taking for temporary use of property;
  - c) expropriation.

2. Third parties that are affected by the application of the provisions of paragraph 1 of this article shall be reimbursed the Civil Code, Heading VI, Chapter II and Articles 23 and 27-37 of the Law No.8561, dated 22.12.1999 “On expropriation and taking for temporary use of private property for public interest” by the licensee.

## **CHAPTER VIII – ADMINISTRATIVE OFFENCES AND SANCTIONS**

### **Article 51 Administrative offences**

1. When they do not constitute a criminal act the following infringements are considered administrative offences:
  - a) any breach of technical safety regulations established by the Council of Ministers according to paragraph 1 of article 7 of this law, which shall be penalized by the Central Technical Inspectorate with the sanctions stipulated by the legislation in force;
  - b) carrying out of an activity in the natural gas sector without the relevant license issued by the ERE, which shall be penalized by a fine from 300 000 to 500 000 lek enforced by the ERE.
2. The following infragments:
  - a) non submission in time by the licensees of the economic and financial report and any other information requested by the ERE;
  - b) non payment in time of financial obligations to the ERE as defined by the ERE;
  - c) non compliance with the ERE decisions on tariffs and prices;
  - ç) any breach of terms defined in the license;shall be penalized according to the provisions of article 64 of the law no.9072, date 22.05.2003 “On power sector” as amended.
3. Review of the administrative offences, complain and execution of the decisions shall be done according to the Code of Administrative Procedures and law no.7697, date 7.04.1993 “On administrative offences” as amended.

## **CHAPTER IX – TRANSITORY AND FINAL PROVISIONS**

### **Article 52 Amendments to other legal provisions**

1. In the law no. 9072, dated 22.05.2003 “On power sector” as amended the following modifications shall be made:
  - a) the title “Electricity Regulatory Entity” (ERE) shall be replaced by the title “Energy Regulatory Entity” (ERE).
  - b) paragraph 7 of article 4 shall be modified as following:

- “7. The chairman and members of the board must be persons with a university degree and with the following experience:
- a) the chairman should be a distinguished person in the energy field. He should have not less than 15 years working experience out of which not less 10 years in energy sector;
  - b) a member should have not less than 10 years working experience in power sector;
  - c) a member should have not less than 10 years working experience in the hydrocarbons sector;
  - ç) two other members should have not less than 7 years working experience in the public administration, judicial system or in the banking or financing system.
2. In the law no. 8450, dated 24.02.1999 “On processing, transportation and trading of oil, gas and their by-products” as amended all expressions “for natural gas sector” shall be abrogated.

### **Article 53** **Mandate of ERE Board’s members**

The members of the Board of Commissioners of the Electricity Regulatory Entity that are appointed by the Parliament before the entrance in force of this law who have not finish their term shall continue to remain in the office until they complete their mandate.

### **Article 54** **Treatment of existing permits and requests for construction of gas pipelines and other gas infrastructure installations**

1. Concession permits for construction and use of gas pipelines and other gas infrastructure installations granted by the Council of Ministers according to the provisions of the law no.8450, dated 24.02.1999 “On refining, transporting and trading of oil, gas and their by-products”, as amended, before the date this law becomes effective shall be valid for the term they are issued.
2. The ERE shall issue the relevant license to persons who have received a concession permit for construction and use of gas pipeline and other gas infrastructure installations as set forth in paragraph 1 of this article for performing one or more activities in the natural gas sector according to provisions of this law.
3. All requests for concession permits for gas pipelines filed by interested parties before the date this law becomes effective shall be treated according to provisions of the law no. 8450, dated 24.02.1999 “On refining, transporting and trading of oil, gas and their by-products”, as amended and other effective by-legal acts.

### **Article 55** **By-legal acts**

The Council of Ministers, the Ministry of Economy, Trade and Energy, and the Energy Regulatory Entity shall be charged to enact the related by-legal acts as required by the dispositions of this law.

**Article 56**  
**Entrance into force**

This law enters into force 15 days after publication in the Official Journal.

**S P E A K E R**  
**Jozefina Topalli (Coba)**