

The Republic of Albania
Electricity Regulatory Authority

**LICENSE
FOR
IMPORT OF ELECTRICITY**

Series: _____ License Number: _____

Effective Date:

(ERE decision, No. ____, date ____. ____. ____)

License Issued To: _____
(Name and legal address)

Company: _____
(Name, location)

Fiscal Code: _____

Registration Certificate: _____
(Series, Number, Place of Registration)

Under the authority granted to it pursuant to the Law “On the Power Sector” No. 9072, dated 22.05.2003, the Albanian Electricity Regulatory Authority (“ERE”) grants this Import License to the subject _____. This License is effective for the period from _____ until _____, unless terminated or suspended by the ERE in accordance with the License Conditions contained herein.

[Chairman]

[Seal of ERE]

The Republic of Albania
Electricity Regulatory Authority

**CONDITIONS OF THE LICENSE
for
IMPORT OF ELECTRICITY**

Series: _____ License No. _____

Issued To _____
(Full name of Licensee)

1. General Provisions

- 1.1 The ERE is the only authority in the Republic of Albania of the Law No.9072, dated 22.5.2002 “On power sector” to issue and declare the effectiveness of this License.
- 1.2 If any condition of the License becomes null and void, that condition shall be deleted from the license conditions and the remaining license conditions shall continue in full force and effect.
- 1.3 No transfer of assets, in whole or in part, shall be made to any Person without the prior written decision of the ERE. When approves the transfer ERE may change the Licensing period of other Licensing conditions by presenting the reason for that.
- 1.4 The following words and phrases used in the License, in Licensing conditions and Annexes when capitalized, shall have the meaning set forth below:

License	Shall mean an authorization issued by the ERE recognized under the Third part of Law No.9072, dated 22.5.2002 “On power sector”.
Person	Shall mean any physical or legal person.
Transfer	Shall mean any sale, lease, exchange or other disposition, in whole or part, of the right to engage in Licensed Activity.

- Licensee** shall mean the Person that holds this License recognized under the Third part of Law No.9072, dated 22.5.2002 “On power sector”.
- Licensed Activity** the required activities with the aim to buy electricity outside the territory of the Republic of Albania, for its selling within the territory of the Republic of Albania.
- Associated Business** shall mean any other business which, directly or indirectly, in whole or in part:
1. is owned by Licensee; or
 2. owns Licensee; or
 3. is owned by a Person which is owned by Licensee.
- Power Purchase Agreement** The contract signed for the selling and purchasing of electricity between the licensee and the supplier of electricity.
- ERE** Shall mean the Electricity Regulatory Entity is the regulatory body of the electricity sector that operates according to the Law No.9072, dated 22.5.2002 “On power sector”.
- Legislation in Force** Shall mean laws of the Republic of Albania enacted by the Parliament and in effect during this License period.
- Regulations and Rules** Shall mean standards, codes, regulations, orders and other prescriptions in force approved by the ERE.
- The Code of Transmission of electricity** The Code of Transmission is a document that determines the relations between TSO and the user and establishes the procedures for operation and development of the Transmission system in compliance with the developments in the Albanian and regional market of electricity.
- The Code of Distribution of electricity** The whole technical rules that regulate the functioning of the distribution network and that decide the terms and conditions of the service of distribution companies for customers.

The Metering Code of electricity	The metering Code determines the minimum technical demands of construction and use of the metering system of electricity, which will be responsible for metering, registering and collection of data and implementation of relevant procedures according to the Market Rules of electricity, agreements between the parties and the legislation in Force.
The Market Rules	Are the rules of operation and managing the market, and the trading relation between the carriers of the license.
Electricity	Shall mean both active electricity and reactive electricity.
Regulation fee	The regulation fees decided by ERE for the licensed activities that are subject to regulation.
User of the transmission system	Physical or legal person that operate in licensed activities in the electricity system such as producers, Distributors, Eligible Customers, Suppliers and each legal person that benefits from the Transmission service.
Electricity System	This is the system composed of generation plants, lines, substations and other transmission and distribution elements.
Interruptions of electricity import due to failures	The interruptions of electricity due to failures of the electricity system, (elements may be lines, transformer in one substation, generation unit etc).
Import	The movement of electricity flows from plants of electric installations of a country to plants or installations of another one, in compliance with the agreements connected by the license for the purchase and transmission of electricity with the aim to sell it to other licensees.
Dispatch activity	The Electricity system operator taking into consideration the programming and preserving of operative security and quality parameters according to the technical conditions.

2. Carrying out the Licensed Activity

- 2.1 Licensee is authorized by this License to conduct the Licensed Activity for import of electricity outside the territory of the Republic of Albania to sell it to the licensees.
- 2.2 Licensee shall not engage in any form of monopoly activity or anti-competition prohibited by Legislation in Force or ERE Regulations and Rules.
- 2.3 The Licensee will carry out the Licensed Activity in compliance with principles of economic efficiency and the objective of reaching the lower cost.
- 2.4 Licensee shall inform the ERE of the establishment of any Associated Business. The ERE may impose conditions on the establishment of the Associated Business as necessary to protect the Republic of Albania consumers.
- 2.5 Licensee shall not impede, prevent or attempt to prevent other licensees or potential competitors from lawfully engaging in or entering the electric business in the Republic of Albania.
- 2.6 All the agreements for buying and selling of electricity must comply with the Power Purchase Agreements approved by ERE.

3. Obligations of the Licensee

- 3.1 The Licensee shall comply with the provisions of the Legislation in Force and ERE's Regulations and Rules not in conflict with the Legislation in Force.
- 3.2 Licensee shall keep accounting records and prepare financial statements, which shall be kept separately for the Licensed Activity and any other activities (including other licensed activities) in accordance with articles 23 and 33 of the Law No. 9072, dated 22.05.2003 "On the Power Sector".
- 3.3 Licensee is required to prepare and submit to the ERE by March 31 of each year and every time within the determined deadline when judged appropriate from ERE, an annual report relating to its operations in the previous calendar year and containing the following:
 - a. a summary and analysis of the Licensee's activities;
 - b. the quantity of imported electricity and the price of buying and selling of electricity;
 - c. each interruption of the electricity import due to failures in the electricity system;
 - d. a summary and analysis of the contracts signed for the buying and selling of electricity in force during the year that is being reported

e. the financial balance sheet of the licensees activity.

3.4 The licensee will submit with the request of ERE the form respecting the deadline established by ERE all the information necessary for ERE.

3.5 Licensee shall notify the ERE within 10 days of any change in:

- a) address;
- b) the Licensee's statute;
- c) registration certificate;
- d) fiscal code;
- e) senior management.

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

3.7 The Licensee should fulfill all the obligations for securing the data and the information for the regulator and the other licensees according to the rules determined by ERE.

3.8 The Licensee in carrying out his activity will implement all the requests determined in the Code of Transmission, Code of Distribution, Metering Code and in the market Rules of electricity.

4. Use of Information

4.1 Licensee shall ensure that any information obtained from others as a result of its Licensed Activity shall not be revealed to anyone, except in cases when:

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

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

4.3 Information provided to the ERE by Licensee shall be considered public unless, upon specific request of Licensee, the ERE by formal decision ascertains that

certain information is of a proprietary nature and that its disclosure will not justify or compensate the potential commercial loss caused to the Licensee.

5. Regulation fee

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

5.2 If the Licensee does not make the regulation fees according to paragraph 5.1 within the deadline required by ERE, then he will be penalized according to Article 64 of the Law No. 9072, dated 22.05.2003 “On the Power Sector”.

6. Control over the performance of the Licensee

6.1 The ERE shall monitor Licensee’s compliance with terms and conditions of this License, review reports obtained from the Licensee and, at any time, may inspect Licensee’s accounting records and require a technical and/or accounting audit of Licensee’s activities.

6.2 Authorized representatives of the ERE may inspect Licensee’s construction site, its equipment and documents to verify compliance with terms and conditions of this License and ERE Regulations and Rules. The Licensee shall provide any required assistance necessary for the ERE during the said inspection.

6.3 Upon the complaint of any third party or upon its own motion, the ERE may initiate an investigation of Licensee’s compliance with conditions of this License or Regulations and Rules approved by the ERE.

6.4 Licensee shall inform the ERE of any violation of License Conditions within one week from such violation becoming known to Licensee, providing an explanation and reasons for such violation.

6.5 Licensee shall obey decisions issued by the ERE, including the payment of fines imposed by the ERE, in accordance with the Legislation in Force, ERE Regulations and Rules and these License Conditions.

7. Reporting

Six months after this License is in effect, the Licensee shall submit to ERE a report summarizing its activities during last six months in connection with the import of electricity.

8. Amendments to License

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

9. Withdrawing of License

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

10. Fees

The Licensee shall be obliged to pay to the ERE the license fee or other fee as may be applicable pursuant to the Law No.9072, dated 22.5.2002 “On power sector”, or any other law.

11. Solving of disagreements and the Right of Appeal

11.1 Every discussion case or request between the Licensee and each User of the Transmission system related to the Dispatch Activity or Licensing Conditions will be solved as much as possible with agreement, in compliance with the Legislation in Force and the rules and Regulations of ERE.

11.2 If the solution is not reached through an understanding, then ERE with a petition from each person that is part of this disagreement will solve it and reach its decision in compliance with the Legislation in force and Rules and Regulations of ERE.

11.3 The Licensee may appeal the decisions of ERE to court within 30 days after it has been published in the Official gazette in compliance with Article 9 point 4 of the Law No. 9072, dated 22.05.2003 “On the Power Sector”.

11.4 The Licensee must obey to the temporary decisions of ERE while waiting for the Appeal Court.

Republic of Albania
Electricity Regulatory Authority

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IMPORT OF ELECTRICITY**

(Full name of Licensee)

Series: _____ License No: _____

Effective Date of the present Annex: _____

ANNEX A

AUTHORIZED TERRITORY FOR THE LICENSED ACTIVITY

(The company _____, is authorized to carry out the activity of import of
electricity in the territory of the **Republic of Albania**)