



# **Natural Gas Sector Rules and Procedures on Licensing, Modification, Partial/Full Transfer, Revocation and Renewal of Licenses**

(Approved by Decision Nr.9 date 11/02/2011)



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## CHAPTER I. GENERAL PROVISIONS

### **Article 1 – Authority**

This Regulation is issued in compliance with article 11 point 9, and article 14, point 7 of the Law No. 9946, dated 30.06.2008 “On Natural Gas Sector” as amended.

### **Article 2 – Scope of Regulation**

This Regulation defines the licensing procedures for;

1. Carrying out of the activities set forth in the Law No. 9946, dated 30.06.2008 “On Natural Gas Sector”, as amended by specifying the terms and conditions for granting, modifying and renewing of a License as well as the authority of ERE for establishing the payments to be made for each type of License Application.
2. Revocation or termination of a License in accordance with article 14 point 6 of the Law No. 9946, dated 30.06.2008 “On Natural Gas Sector” as amended and articles 16, 17, 18 and 19 of the Law No. 9072 dated 22.05.2003 “On Power Sector”, as amended.

### **Article 3 – Definitions**

The definitions of terms set out in;

- (i) the Law “On Natural Gas Sector” Nr. 9946, dated 30.06,2008, as amended, and
- (ii) the Law “On the Power Sector ” No. 9072 dated 22.05.2003, as amended, and
- (iii) the Rules of Practice and Procedure of ERE, as amended,

are incorporated herein for all purposes. Other words and phrases used in this Regulation when capitalized and when not found in said laws and regulations named above, or except as specifically noted otherwise, shall have the meanings set out below;

1. **“Applicant”** shall mean any Person who applies for a License under this Regulation.
2. **“Application”** shall mean the request for licensing accompanied with the whole set of documents provided for in the articles 8 and 9 of this Regulation.
3. **Board of Commissioners”** or the **“Board”** shall mean the decision-making body of the ERE composed by five members appointed according to the procedures provided for by the Law No.9072, dated 22.05.2003 “On Power Sector” as amended and Law No. 9946 date 30.06.2008 “On Natural Gas” as amended.
4. **“ERE”** shall mean the Energy Regulatory Entity that operates based on Law No.9072, dated 22.05.2003 “On Power Sector” as amended and Law No. 9946 date 30.06.2008 “On Natural Gas” as amended.
5. **“Performance Guarantee”** shall mean an undertaking by the parent company of the Applicant or Licensee to ensure the faithful performance by such Applicant or Licensee of all of the terms and conditions of the License. In cases where there is no parent company then each owner of 5% or more of the shares or equity in such Applicant or Licensee shall give such Performance Guarantee.



6. **“Financial Guarantee”** shall mean the undertaking by a bank or other responsible Person, acceptable to the ERE, to cover and ensure the faithful performance of the monetary obligations of the Applicant or of the Licensee, as the case may be, under the terms and conditions of the License.
7. **“Natural Gas”** shall have the same meaning as defined in the Law “On Natural Gas Sector” Nr. 9946, dated 30.06,2008, as amended that means the methane gas, including the associated gas, as well as all hydrocarbons being in a gaseous state under normal atmospheric conditions, that for the purposes of this Regulation include also LNG, biogas or other kinds of gas that are transmitted in the pipeline system;
8. **“License”** shall mean an authorization granted by the ERE according to the third part of Law No.9946, dated 30.06.2008 “On Natural Gas” as amended and article 4 of this Regulation.
9. **“Licensee”** shall mean a Person that holds a License granted by the ERE to operate in the gas sector.
10. **“OST<sup>1</sup>”** shall mean Transmission System Operator.
11. **“OSSH<sup>2</sup>”** shall mean Distribution System Operator.
12. **“Person”** shall mean any physical or legal person.
13. **“Official Representative”** shall mean the Person duly appointed to represent the Applicant or the Licensee for all purposes under this Regulation.
14. **“System”** means any transmission networks, distribution networks, LNG facilities or storage facilities owned or operated by a Licensee, including linepack and its facilities that ensure the provision of ancillary services and those necessary for access to transmission networks, distribution networks and LNG facilities;
15. **“Regulation”** shall mean this document titled “Natural Gas Sector Rules and Procedures on Licensing, Modification, Partial/Full Transfer, Revocation and Renewal of Licenses”
16. **“Application Fee”** is the corresponding fee, approved by the Board of Commissioners in accordance with the article 10 of the Law No. 9946, dated 30.06.2008 “On Natural Gas Sector” as amended, that any Person or Licensee should pay to the ERE in accordance with this Regulation, for the processing of a request submitted for Licensing, modification, transfer or renovation of a License.

#### **Article 4 – Licensed Activities.**

1. The ERE may issue Licenses for the activities as set forth in the Law No. 9946, dated 30.06.2008 “On Natural Gas Sector” as amended, that follow:
  - a. Transmission of natural gas;
  - b. Distribution of natural gas;
  - c. Supply of natural gas (retail sale);
  - ç. Trading of natural gas (wholesale).
  - d. Operation of natural gas Storage facilities;
  - dh. Operation of LNG facilities;
2. Each activity requires a separate License.

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<sup>1</sup> OST is the Albanian shortcut for the Transmission System Operator (TSO)

<sup>2</sup> OSSH is the Albanian shortcut for the Distribution System Operator (DSO)



3. Licenses shall be issued by the ERE, in compliance with this Regulation on a case by case basis and will be based on respective model form Licenses approved by ERE.

#### **Article 5 – Duration of License’s Validity**

The duration of validity of a License issued under this Regulation for transmission, distribution, storage, and LNG issued by the ERE as provided in Article 4 of this Regulation shall be for a term of 30 years with the right to apply for renewal. The duration of validity of a License for supply and trading shall be for a term of 5 years with the right to apply for renewal

## **CHAPTER II. APPLICATION PROCEDURES FOR LICENSES**

#### **Article 6 – Right to apply for a License**

Any Person who intends to carry out an activity in the natural gas sector in Albania which requires a License and who has complied with the Law Nr. 9901, dated 14.04.2008 “Për Tregtarët dhe Shoqëritë Tregtare (On entrepreneurs and commercial companies)” as amended and the legislation in force in Albania, may submit an Application for a License from the ERE.

#### **Article 7 –Applicant’s Representatives,**

1. The Official Representative shall represent the Applicant before the ERE for all matters pertaining to the Application or the License that might be issued.
2. The Official Representative shall present to the ERE the power of attorney, a corporate resolution, or such other documentations signed or adopted by the Applicant appointing the Official Representative as its delegate.
3. The Official Representative shall present to the ERE a corporate resolution or other documentation duly adopted by the Applicant authorizing such representative to file the request for License, or its modification, renewal, transfer as the case may be.
4. The tasks of the Official Representative are:
  - a. to file the Application for a License, together with the required documentation according to articles 8, 9, and 10 of this Regulation.
  - b. to submit the additional data and information required by the ERE in a reviewing License Application process.
  - c. to represent the Applicant in all matters concerning the Application.
  - d. to represent the Licensee in all matters pertaining to any License issued pursuant to such Application.
5. The Applicant or the Licensee as the case might be may change its Official Representative by immediately submitting written notification to ERE of such change.



**Article 8 – Filing of a License Application**

1. The Application consists in the Application format and documentation set forth in the article 9 of this Regulation, duly completed by the Applicant.
2. The Applicant shall pay to ERE the Application fee in force at the time when the Application is submitted.
3. The documentation filed by the Applicant shall be original and in Albanian language and if copied or translated from an original document then the copied or translated documents shall be notarized.
4. The certifications and declaration supporting the Application shall be issued not before the expiration of three months from the date the Application is submitted.
5. The Applicant shall ensure that all technical documentation submitted with its Application is prepared and signed by professional experts experienced in the relevant field. The ERE may require such experts to substantiate their expertise.
6. Each Application accompanied by the relevant documentation shall be submitted in two copies;
  - a. one original or the notarized photocopy as set in the point 3 of this article and
  - b. a photocopy of all documentation as set forth in this Regulation.

**Article 9 – Forms and Documentation for Application.**

1. Application Form (to be completed by the Applicant)

An Application for a License shall contain:

- a. Type of Application

1	Type of Application	<input type="checkbox"/> Licensing <input type="checkbox"/> Renewal <input type="checkbox"/> Transfer <input type="checkbox"/> Modification
2	Type of License	<input type="checkbox"/> Transmission of natural gas <input type="checkbox"/> Distribution of natural gas <input type="checkbox"/> Supply of natural gas (retail sale) <input type="checkbox"/> Trading of natural gas (wholesale). <input type="checkbox"/> Operation of natural gas Storage facilities <input type="checkbox"/> Operation of LNG facilities

*(Note: Mark X in the relevant box)*



b. General Information of the Applicant (to be completed by the Applicant)

1	Applicant's name		
	Tax registration number in the National Center of Business Registration		
2	Company Headquarters	Address	
		Mobile	
		Tel / Fax	
		Email	
3	Official Representative	Name	
		Title	
		Address	
		Mobile	
		Tel / Fax	
		Email	

c. Data on Applicant (to be completed by the Applicant)

1	<p><i>I, the Applicant, declare that:</i></p> <p>(a) no natural gas license issued to Applicant has ever been revoked or,</p> <p>(b) no Application by Applicant for a license in the natural gas sector has ever been denied.</p> <p><u>in Albania or elsewhere</u></p> <p><u>If the answer to either question (1.a) or (1.b) is NO than the Applicant should attach a full explanation.</u></p>	<p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
	<p>I, the Official Representative, declare on behalf of the Applicant, that the Applicant is knowledgeable of the legal and regulatory framework in force in the natural gas sector and commit the Applicant to their proper implementation.</p>	<p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
	<p>Is the Applicant involved in any other commercial activity <u>in Albania or elsewhere?</u></p> <p><u>If the answer to the question (3) is YES than the Applicant should attach additional explanation.</u></p>	<p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p>

d. Legal, Administrative and Ownership Documentation.

- i) Act of registration at National Center of Business Registration and company bylaw.
- ii) Organization chart and administrative functioning of the company. List of personnel (according to the activity for which the License is requested).



- iii) Except in the case for the supply (article 4.1.c) and trade (article 4.1.ç), agreement and permit as approved from the Council of Ministers.
  - iv) The identity of all Persons having an ownership interest in the Applicant of greater than or equal to 5%.
  - v) Documentation showing the title to or the ownership of the assets owned, committed or hired/leased or which are reasonably expected to be acquired by or for the Applicant to perform the functions or fulfill the obligations under the requested License.
  - vi) Permits and environment authorizations.
- e. Financial and Fiscal Documentations and Guarantees
- i) Declaration for the payments of fiscal and social security obligations from the relevant authority to the extent such obligations have been accrued by the Applicant.
  - ii) Financial statements, audited by an accredited auditing company, for each of the last three years preceding the filing of the Application.
  - iii) Appropriate Financial Guarantee [not applicable for the case of supply (article 4.1.c) and trade (article 4.1.ç)] and Performance Guarantee ensuring Applicant's ability to fulfill all of its obligations under the requested License, including but not limited to, partial or full abandonment of facilities and/or infrastructure and environmental remediation, and the managerial, operational and financial support of the owners of the Applicant.
  - iv) Except in the case for the supply (article 4.1.c) and trade (article 4.1.ç) a certificate of insurance issued by insurance companies (operating according to the legislation in force in Albania) evidencing liability coverage for damages for injuries, disease or death of Persons or for loss or destruction of property caused or occasioned by or resulting from Applicant's activities under the requested License with limits of liability of not less than 10 M USD. Such policy or policies of insurance shall be and remain in full force and effect for the entire duration of the requested License. Furthermore Licensee shall remain responsible for damages which may arise out of, or is in connection with or, results from Licensees activities during the terms of the License.
  - v) Proof of payment to ERE of the appropriate Application Fee in force at the moment of submission of the Application.
  - vi) A business plan that includes a cost benefit analysis including costs for the abandonment of facilities and environmental remediation of sites upon termination of operations.
  - vii) If Applicant intends to use a management company in its daily operations it must advise ERE of that intention and provide a Performance Guarantee for the faithful performance of such management company's actions.

## 2. Documents Specific to the Type of License

The Applicant shall submit to the ERE the following documents, depending on the type of License:

- a. Natural Gas Transmission License;  
General and technical project data information including the following:





- i) Location for installations and routing of pipelines including a topographical map.
  - ii) Maximum technical, contracted and available capacity at all intake and off take points to/from the System and its interconnections to other Transmission and Distribution networks, storage facilities, production facilities and LNG terminals.
  - iii) Projected daily throughput based on Applicant's estimates
  - iv) Technical standards, maximum design pressures, compression requirements and other technical characteristics of the machinery and technical equipment to be installed.
  - v) Projected operating pressures based on Applicant's estimates.
  - vi) Categories and list of customers and projected deliveries
  - vii) Metering locations and specifications
  - viii) Gas quality measurement locations
  - ix) Evidence of transportation contracts/commitments
  - x) Expected third party access requests or any expected request for exemption for such access as well as any previously granted exemption decisions from the provisions of access requirements for new infrastructure under the Law No. 9946, dated 30.06.2008 "On Natural Gas Sector" as amended.
  - xi) Cross-border interconnections and operation parameters in the neighboring state.
  - xii) Operational balancing agreements
  - xiii) Intended source of and procurement procedure of natural gas necessary to balance the Transmission System
  - xiv) Reverse flow capability.
  - xv) The Applicant's works for (a) the proposed technical solution, (b) the environmental impact assessment (c) the cost estimation (d) the economic forecasts including the financing approach that justifies the business plan of the natural gas Transmission project prepared by a qualified engineering firm.
  - xvi) The time schedule for the implementation of the project and project's expected lifetime.
  - xvii) Annual investment plans for upgrading, expansion or other modification of the Transmission System for a period of not less than 5 years from the effective date of the License in accordance with the legislation in force.
  - xviii) Anticipated schedule of maintenance of the Transmission System.
- b. Natural Gas Distribution License:  
General and technical project data information including the following:
- i) Location for installations and routing of pipelines including a topographical map.
  - ii) Geographical area covered by the Application.



- iii) Maximum technical, contracted and available capacity at all intake and off take points to/from the System and its interconnections to other Distribution and Transmission networks, storage facilities, production facilities and LNG terminals
  - iv) Projected daily throughput based on Applicant's estimates.
  - v) Technical standards, maximum design pressures, compression requirements and other technical characteristics of the machinery and technical equipment to be installed.
  - vi) Projected operating pressures based on Applicant's estimates
  - vii) Categories of customers and projected deliveries
  - viii) Metering locations and specifications
  - ix) Odorization plans including locations.
  - x) Evidence of transportation contracts/commitments.
  - xi) Expected third party access requests or any expected request for exemption for such access as well as any previously granted exemption decisions from the provisions of access requirements for new infrastructure under the Law No. 9946, dated 30.06.2008 "On Natural Gas Sector" as amended..
  - xii) Cross-region interconnections and operation parameters in the neighboring OSSH<sup>3</sup> if appropriate.
  - xiii) Reverse flow capability if appropriate.
  - xiv) The Applicant's works for (a) the proposed technical solution, (b) the environmental impact assessment (c) the cost estimation (d) the economic forecasts including the financing approach that justifies the business plan of the natural gas Distribution project prepared by a qualified engineering firm
  - xv) The time schedule for the implementation of the project and project's expected lifetime.
  - xvi) Annual investment plans for upgrading, expansion or other modification of the Distribution System for a period of not less than 5 years from the effective date of the License in accordance with the legislation in force.
  - xvii) Anticipated schedule of maintenance of the Distribution System.
  - xviii) Average quantity of the natural gas forecasted to be distributed during a year based on a typical monthly schedule.
- c. Operation of Liquefied Natural Gas (LNG) facilities License:  
General and technical project data information including the following:
- i) The type of regasification facility
  - ii) Maps or drawings showing the location of installations on shore and off shore and connection point(s) to onshore transmission pipelines, including storage facilities relating to LNG operations.
  - iii) Maximum capacity technical, contracted and available capacity at the off take point to/from the terminal
  - iv) Projected daily throughput based on Applicant's estimates

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<sup>3</sup> DSO



- v) Technical standards, maximum design pressures, compression and measuring requirements and other technical characteristics of the machinery and technical equipment to be installed.
  - vi) Projected operating pressures based on Applicant's estimates
  - vii) Projected delivery schedules and size of LNG vessels
  - viii) Size of the storage tanks
  - ix) Sources of supply
  - x) Expected categories and list of customers and projected deliveries
  - xi) Expected third party access requests or any expected request for exemption for such access as well as any previously granted exemption decisions from the provisions of access requirements for new infrastructure under the Law No. 9946, dated 30.06.2008 "On Natural Gas Sector" as amended.
  - xii) The Applicant's works for (a) the proposed technical solution, (b) the environmental impact assessment (c) the cost estimation (d) the economic forecasts including the financing approach that justifies the business plan of the LNG project prepared by a qualified engineering firm.
  - xiii) The time schedule for the implementation of the project and project's expected lifetime.
  - xiv) Annual investment plans for upgrading, expansion or other modification of the LNG facility for a period of not less than 5 years from the effective date of the License in accordance with the legislation in force.
  - xv) Anticipated schedule of maintenance of the LNG facility.
- d. Operation of Natural Gas Storage Facilities License:  
General and technical project data information including the following:
- i) Geographical location of the underground storage and routing of the connecting pipelines including a topographical map.
  - ii) Description of the geological conditions of the underground storage.
  - iii) Maximum storage volume and necessary cushion gas.
  - iv) Minimum gas quality specifications of the gas to be stored.
  - v) Profile of natural gas re-delivery rates.
  - vi) Maximum pressure of the underground reservoir.
  - vii) Number of wells and their respective maximum rates of injection and withdrawal.
  - viii) Technical standards, maximum design pressures, compression and measuring requirements and other technical characteristics of the machinery and technical equipment to be installed.
  - ix) Minimum gas quality specifications of the gas to be redelivered and facilities to ensure the specified quality is met.
  - x) Evidence of storage contracts/commitments.
  - xi) Categories and list of customers.



- xii) Expected third party access requests or any expected request for exemption for such access as well as any previously granted exemption decisions from the provisions of access requirements for new infrastructure under the Law No. 9946, dated 30.06.2008 "On Natural Gas Sector" as amended.
  - xiii) The Applicant's works for (a) the proposed technical solution, (b) the environmental impact assessment (c) the cost estimation (d) the economic forecasts including the financing approach that justifies the business plan of the underground storage project prepared by a qualified engineering firm.
  - xiv) The time schedule for the implementation of the project and project's expected lifetime.
  - xv) Annual investment plans for upgrading, expansion or other modification of the Storage facility for a period of not less than 5 years from the effective date of the License in accordance with the legislation in force.
  - xvi) Anticipated schedule of maintenance of the Storage facility.
- e. Natural Gas Trading (wholesale of Natural Gas) License:  
General information including the following:
- i) Average quantity of natural gas in millions of Ncm forecasted to be delivered during a year.
  - ii) Assurance that the quality of gas satisfies the minimum criteria of the System operator
  - iii) Financial capital necessary for performing the activity required by the License and in particular to cover the financial exposure due to gas balancing.
- f. Natural Gas Supply (retail sale of Natural Gas) License  
General information including the following:
- i) Average quantity of natural gas in millions Ncm forecasted to be delivered during a year.
  - ii) Assurance that the quality of gas supply satisfies the minimum criteria of System operator
  - iii) Financial capital necessary for performing the activity required by the License and in particular to cover the financial exposure due to gas balancing.

### **Article 10 – Review of Documentation of the License Application**

1. Any request for a License shall be filed officially with the protocol office of the ERE. Thereafter the request shall be processed in accordance with this Regulation and the Rules of Practice and Procedures of ERE. Within 12 days of the filing of the request with the protocol office, the Board of the ERE shall decide whether the request meets the minimum requirements of an Application or should be rejected. If the Board of ERE rejects the request for the reason that Articles 8 and 9 of this Regulation have not been complied with, then the ERE shall notify the Applicant in a reasoned written decision within three working days of such decision. If the Board decides to accept the Application then the review procedure on the Application is deemed to have



- commenced as of the date of such decision and further review shall proceed in accordance with this Regulation and the Rules of Practice and Procedures of the ERE.
2. ERE shall postpone its decision until all the Application requirements are fulfilled but no longer than 90 days from the first day of publication made in accordance with point 6 of this article of the request for License officially delivered to the protocol office of the ERE.
  3. In cases where a decision from the Council of Ministers or the Ministry responsible for energy is required under Law No. 9946, dated 30.06.2008 "On Natural Gas Sector" as amended, the ERE shall not open a proceeding to issue a License under this Regulation unless and until such decision, in the affirmative, is issued by said Council or Ministry.
  4. The Applicant may submit a new request for a License in accordance with the requirements of this Regulation and by taking into consideration the ERE comments made on the previous request refusal as described in point 1 of this article.
  5. Not later than 3 working days after the decision of ERE to commence the Application review procedures is given, a notice of such decision shall be published on two consecutive business days in not less than three daily newspapers of national circulation. In all cases the publication of the Application will be in accordance with Article 16 of the Law No. 9072 dated 22.05.2003 "On Power Sector" as amended.
  6. The notice described in point 5 of this article shall include: :
    - a. a short summary on the Application;
    - b. a notification that the objections or complaints or other information from interested parties and the general public can be submitted to ERE within the deadline set in the following point 7 of this article..
  7. For a period of two months after the first date of publication of the notice by ERE, the Application and all accompanying documentation and information shall be available for public inspection, during normal business hours, at the offices of ERE. Within that time period, all interested parties and members of the general public may submit written objections, complaints, or other relevant information about the Application.
  8. At the time the Application is submitted, the Applicant may declare that certain information contained in the Application is of a commercially sensitive nature and the Applicant may request that such information be kept confidential and not released to interested parties or to the general public. A decision of the ERE to commence the procedures for review of the Application shall include a decision on Applicant's request for confidentiality.
  9. At its discretion, the ERE may require the Applicant to provide other or additional information that is relevant to the review or approval of the Application. Should Applicant fail or refuse to provide such information the ERE may reject the Application.
  10. At the end of the public comment period described in point 7 of this article, the relevant Departments of ERE shall review and analyze
    - a. The Application and all information and documentation submitted by the Applicant either initially or as requested by ERE;
    - b. The objections, comments, and other information submitted by interested parties; and
    - c. The objection, comments, and other information submitted by members of the general public.



11. Based on this review and analysis, the relevant Departments of ERE shall prepare and submit to the Board of ERE a written report containing recommendations on the decision either to grant or refuse the License as foreseen under item 2 of Article 11. Such recommendations shall be reasoned and shall be in accordance with this Regulation, the ERE General Rules and Procedures, and the relevant laws in force.

### **Article 11 – Decision of the ERE Board**

1. Upon termination of the deadline for submission of objections or complaints, ERE Board shall review the Application based on the criteria specified in Law No. 9946 dated 30.06.2008 “On Natural Gas” as amended and the criteria specified in Articles 16, 17, 18, and 19 of Law No. 9072 date 22.05.2003 “On Power Sector” as amended.
2. In deciding whether to grant or refuse an Application for a License as well as on the terms and conditions for such License, the ERE Board shall take into consideration and base its decision on the following criteria:
  - a. The Application and the completeness and accuracy of the information and documentation submitted in compliance with this Regulation and the requests, if any, of ERE for additional information;
  - b. The report of the relevant Departments of ERE prepared in accordance with point 11 of article 10.
  - c. The relevant objections and complaints, if any, submitted by interested parties or the general public in relation to the Application under review.
  - d. In the case of Applications for Transmission and Distribution Licenses the existence of active Licenses for those same activities issued previously for the location and territory in which the proposed activity is intended to be carried out.
  - e. The safe and stable functioning of the equipment, plants and/or network. (not applicable for the case of supply (article 4.1.c) and trade (article 4.1.ç) of this Regulation)
  - f. The demand for natural gas sources.
  - g. The requirements for the national security, life of the citizens, property, health and public order. (not applicable for the case of supply (article 4.1.c) and trade (article 4.1.ç) of this Regulation)
  - h. The financial commitments undertaken and the guarantees provided by the Applicant
  - i. The protection of the environment; (not applicable for the case of supply (article 4.1.c) and trade (article 4.1.ç) of this Regulation)
  - j. The promotion of energy efficiency in the natural gas sector
  - k. Public service obligations assumed by the Applicant as stated in the Albanian legislation particularly Article 45 of the Law No. 9946, dated 30.06.2008 “On Natural Gas Sector” as amended;
  - l. The promotion of a competitive natural gas market and, at least in the case of supply to tariff customers, the least cost principle in natural gas supply.
  - m. The security and reliability of natural gas supply and the reverse flow capabilities of that supply within the Republic of Albania.



3. In accordance with article 15 of the ERE General Rules of Practice and Procedures ERE shall provide written notice to all parties in interest of the final Board decision within 3 days from the decision reached.

#### **Article 12 – Granting or refusing of the License**

1. The ERE Board shall take the final decision for granting or refusal of the License within 90 days from the first day of publication of the notification in the media, basing its decision on grounds of the criteria set forth in the article 11 of this Regulation.
2. The final decision of the Board shall be in writing and shall contain the justification for granting or refusing the License.
3. The ERE decision to either grant or deny a License under this Regulation shall be published in the Official Journal.
4. The ERE's decision may be appealed in accordance with the Rules of Practice and Procedures of the ERE.
5. In cases when the ERE declines to renew or extend a License the provisions of article 16 of this Regulation apply.

### **CHAPTER III - MODIFICATIONS, RENEWAL AND TRANSFER OF LICENSES**

#### **Article 13 – The Procedures for Modifications of Licenses**

1. The ERE may, upon request of Licensee or on its own initiative, modify terms and conditions of a License that it considers proper, complying with the procedures provided for by the Law No. 9946, dated 30.06.2008 “On Natural Gas Sector” as amended and article 19 of the Law No.9072, dated 22.052003 “On Power Sector” as amended.
2. The ERE may decide the modification of the License in the following cases:
  - a. when there are changes of some circumstances (such as; legal framework, court decisions) that have occurred between the date of issuance of the License and the date of the requested modification, or
  - b. when events substantially affect the natural gas Transmission and Distribution Systems or the natural gas market, or
  - c. when there are legal, technical or financial changes that make impossible the partial or total fulfillment of the terms and conditions set forth in the License;
3. If the ERE decides to modify a License it will issue to the Licensee an amended License with the relevant modifications thereby cancelling the parts of the License that are no longer valid. If Licensee objects to the terms and conditions of the amended License then the provisions of Article 16 of this Regulation shall apply.
4. In case of a request by a Licensee for a modification of its License, ERE implements the same deadlines and procedures as per licensing as provided by this Regulation. Such request for modification shall include;
  - a. the proposed text of the specific change that is requested



- b. written information explaining the reasons of the request for License modification.
  - c. the corporate resolution or other documentation evidencing Licensee's request for the specific License modification.
5. A request by a Licensee for a License modification will follow the same procedures as described in article 14 of this Regulation.

#### **Article 14 – Renewal of License**

1. Not later than 6 months from the License termination, the Licensee may ask ERE for a renewal of the License by submitting the following documents, and information;
  - a. Application form set forth in points 1(a) and 1(b) of article 9,
  - b. Legal, administrative and ownership information set forth in point 1(d) of article 9,
  - c. Financial and fiscal documents and guarantees set forth in point 1(e) of article 9,
  - d. Any proposed modification or change in the technical documents.
2. ERE may request Licensee to submit such other or additional information ERE considers necessary to arrive at a decision on Licensee's Application for a License renewal.
3. The criteria for a Board decision shall be the same as in the licensing case.
4. The Board may take into consideration the fulfillment of the License terms and conditions for the Licensed activity by the Applicant in the past.
5. ERE shall publish a notification for the Application for renewal of License according to the same procedures set forth in points 5 of article 10 of these Regulations.
6. The Board shall take a decision for the renewal or not of the License no later than 90 calendar days after the submitting of the request according to this Regulation.

#### **Article 15 – Partial and Full Transfer of the License or Licensee's Assets**

1. Upon request of the Licensee, ERE may transfer partially or fully the License to another Person in compliance with the Law No. 9072 dated 22.05.2003 " On Power Sector" as amended.
2. In case of the full or partial transfer of ownership of assets, the Person to whom the assets are to be transferred shall apply to the ERE for a new License for the activities to be transferred by presenting the following documentation:
  - a. Application form set forth in points 1(a), 1(b), and 1(c) of article 9,
  - b. Legal, administrative and ownership documents set forth in point 1(d) of article 9,
  - c. Financial and fiscal documentations and guarantees set forth in point 1(e) of article 9,
  - d. Any proposed modification or change in the technical documents.
  - e. A statement of full particulars regarding the necessity or reasons for the proposed transfer.





- f. The provisions of the ERE “Regulation on Procedures for Licensees Assets Transfer” shall apply.
3. Upon the decision of ERE to commence procedures for the review of the Application to transfer all or part of the License, the ERE shall publish the Application in accordance with point 5 of article 10 of these Regulations. The provisions of point 6 of article 10 shall apply to all Applications for License transfer.
4. ERE shall reach the decision for accepting or denying the Application for full or partial transfer of the License within 90 calendar days from the starting of procedures for the review of the Application and during this period the current License holder shall continue to carry out the service in compliance with the obligations of the License in force.
5. The proposed new Applicant for License must;
  - a. have the technical and financial ability and experience to assume the obligations with respect to Licensee under the License;
  - b. accept and assume all of the terms and conditions of the License, including providing a Financial Guarantee and a Performance Guarantee; and
  - c. be registered and in compliance with all legal requirement for doing business in Albania.
6. Subject to existing legislation, any such transfer shall be subject to the prior written consent of the ERE which consent shall not be unreasonably withheld or delayed.
7. The notification of an intended transfer, described in point 2 of this article shall be accompanied, at a minimum, by the following:
  - a. A copy of the proposed deed or other documentary evidence of the intended transfer;
  - b. Documentation with respect to the proposed new Applicant for License which shall include;
    - i. Audited financial statements and other evidence to ensure the ERE’s reasonable satisfaction on the requirements set forth in article 9 of these Regulations;
    - ii. Evidence of the identity of the owners of the proposed new Applicant for License, provided in the case of a company, the shares of which are registered on a recognized stock exchange, such evidence will be required for the significant owners (as defined or used in the applicable laws or regulations pursuant to which such company registered its shares).
    - iii. Evidence of such proposed new Applicant for License direct and indirect parent companies, including the identity of the owners of the ultimate parent; and,
    - iv. Such other and further documentation and information as may be reasonably necessary for the ERE to make a determination approving the proposed transfer.
8. Within 90 calendar days after the receipt by ERE of all required documentation and other data, the ERE shall issue its decision either approving or rejecting the proposed transfer. The provisions of article 10 regarding publication and public comments apply.



## CHAPTER IV LICENSE SANCTIONS AND REVOCATION

### **Article 16 Sanctions against Licensee**

1. The ERE, in accordance with article 51 of the Law “On Natural Gas Sector” Nr. 9946, dated 30.06,2008, as amended may impose sanctions on a Licensee or revoke a natural gas License for any of the following reasons;
  - a. Violation of the legislation in force.
  - b. Failure on the part of the Licensee to substantially comply with any of the terms and conditions of the License.
  - c. Endangering or damaging the environment.
  - d. Endangering the life or safety of Persons or damage to or destruction of property.
  - e. Failure by the Licensee to pay its financial obligations to ERE within the time prescribed.
  - f. Failure to commence the Licensed activity within the time prescribed, or once commenced, the failure of Licensee to continue or to carry out the Licensed activity in a timely and appropriate manner, in accordance with the terms and conditions of the License.
  - g. Bankruptcy, insolvency, or dissolution of the Licensee.
  - h. Failure to fulfill its obligations for consumer protection as provided by the legislation in force or the regulations of ERE.
  - i. In case of a transaction that is against the interests of the Albanian State,
  - j. Failure to implement the ERE decisions on tariffs.
2. After a hearing of the relevant facts and arguments of the concerned parties and upon good judgment the ERE may impose one or more of the following sanctions against a Licensee:
  - a. Order the Licensee to take corrective or other action in a specified manner and/or within a specific period of time.
  - b. Enforce a monetary fine against the Licensee, in accordance with the legislation in force.
  - c. Amend the terms and conditions of the License.
  - d. Revoke or terminate the License.
  - e. Appoint a temporary administrator to operate the relevant System pending the granting of a License to a new Licensee in accordance with point 10 of this article.
  - f. Cease the issue for lack of sufficient reasons to impose sanction.
3. All proposals for the imposition of sanctions against a Licensee shall be commenced by the ERE, either on its own motion, or upon the request of an interested party. In the case of a request for sanctions by an interested party, then prior to the commencement of an action under this article, ERE shall verify the existence of a basis for such request, in accordance with point 1 of this article.



4. A Licensee may request that the ERE terminate its License at any time. Provided that Licensee has satisfied all of its monetary and any other obligations, ERE shall grant the Licensee's request to terminate the License. In such case, the ERE shall either appoint an administrator or order the Licensee to temporarily operate the relevant System pending the grant of a new License. When appointing an administrator the Board shall issue to such administrator a temporary License, stating the terms and conditions under which such administrator is to operate said System, pending the issuance of a new License.
5. A proceeding to impose sanctions on the Licensee shall be conducted in accordance with the Rules of Practice and Procedures of ERE and the Natural Gas Sector Law Nr No. 9946, date 30.06.2008 as amended.
6. The ERE shall notify the Licensee of the commencement of the proceeding to impose sanctions under this Regulations.  
Such notification shall:
  - a. Be in writing and delivered to Licensee's Official Representative.
  - b. State the reasons or other basis for the complaint.
  - c. Identify the Department within ERE that is responsible for handling the matter.
  - d. State the ERE's proposal for resolution of the matter.
  - e. State the ERE's proposals for final disposition of the matter<sup>4</sup>.
7. Within 30 calendar days of the receipt of the notification described in point 6 of this article, and in accordance with the ERE Rules of Practice and Procedures, the Licensee shall have the right to;
  - a. Reply, in writing, to the matters stated in the notice. Such reply shall be filed with the ERE.
  - b. Request an official hearing on the matter with ERE prior to the issuance of any decision of the Board of Commissioners.
8. In cases where the Board revokes a License and appoints an administrator to temporarily operate the relevant System, contemporaneously with the issuance of its decision, the Board shall issue to such administrator a temporary License, stating the terms and conditions under which such administrator is to operate said System, pending the issuance of a new License.
9. Any decision of the ERE revoking or terminating a License, may be appealed in the Court within 30 days from the publication of the decision in the Official Gazette. In the case when ERE has decided to enforce a monetary fine against the Licensee, in accordance with article 51 of the Law No. 9946, dated 30.06.2008 "On Natural Gas Sector" as amended, the review, complaint and implementation of the decision shall be done according to the Code of the Administrative Procedures and Law No.7697, dated 7.04.1993 "On Administrative Offences" as amended,
10. In cases where a License is revoked under this article, the assets of Licensee shall be disposed of with reasonable compensation in accordance with the provisions of the Civil Code and the provisions of Law Nr. 8561, dated 22.12.1999 "On Expropriation and Taking in Temporary Use of Private Property for Public Interest" as amended.

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<sup>4</sup> *Kjo ka te beje me qendrimet perkatese qe ERE do te jete e detyruar te marre ne se nuk jane ndermarre masa korrektive ose anasjelltas.*



## CHAPTER V ISSUE AND REGISTRATION OF LICENSES

### **Article 17 – Licenses Register.**

1. After the decision is taken from ERE on licensing, partial/full transfer, renewal or modification of a License, the appropriate License shall be issued to the Applicant
2. A copy of any License issued for carrying out activities in the natural gas sector shall be retained by the ERE and recorded in the Licenses' Register.
3. Licenses' Register shall be kept in writing by the Secretary of the Board of Commissioners as well as electronically. It will also be published on the ERE website and updated accordingly.
4. The following details shall be entered in the Register:
  - a. License register number and category;
  - b. Date of the approval of the License
  - c. Date of the issuance of the License
  - d. Name of the Licensee;
  - e. Signature of the Official Representative acknowledging receipt of the License.
  - f. Area of service.
  - g. Address of the main office of the Licensee;
  - h. Description of the activity which is the subject of the issued License;
  - i. Duration of the License

### **Article 18 – Public Information.**

1. The License Register shall be available for public inspection during normal business hours.
2. Upon the justified request of the Applicant the ERE may decide that certain information contained in the Application, the supporting or accompanying documentation, or in the License is of a commercially sensitive nature and should not be disclosed. All such information shall be kept confidential and protected from disclosure, except in accordance with a decision of the ERE in accordance with the legislation in force.
3. The confidential information will not be available for public inspection or review, since their publication may bring about economic damages.

## CHAPTER VI. FINAL PROVISIONS

### **Article 19 – Amendments to the Regulation**

This Regulation is subject to amendments by decision of the ERE Board of Commissioners.



**Article 20 – Entrance in force**

This Regulation enters in force from and after the date it is published in the Official Gazette.