

Regulation on Licensing Procedures

Chapter I General Provisions

Article 1 – Authority

This regulation is issued according to Article 14, point 2, of the Law No.9072, dated 22.05.2003 “On Power Sector” as amended, and is in compliance with the ERE Rules of Practice and Procedure.

Article 2 – Scope of Regulation

This regulation defines the licensing procedures for carrying out of the activities set forth in the Law No.9072, dated 22.05.2003 “On Power Sector” as amended, by specifying the terms and conditions for granting, modifying, renewing of the license as well as the authority of ERE for establishing the payments made for each type of license application.

Article 3 – Definitions

In this regulation the following terms and sentences shall have the meaning:

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 documents provided for in the articles 8 and 9 of this regulation, for which the Board of Commissioners makes a decisions for starting or not of the licensing procedures according to the ERE Rules of Practice and Procedure.
3. **“Board of Commissioners”** 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.
4. **“ERE”** shall mean the Electricity Regulatory Authority that operates based on Law No.9072, dated 22.05.2003 “On power sector” as amended.
5. **“License”** shall mean an authorization granted by the ERE according to the third part of Law No.9072, dated 22.05.2003 “On power sector” as amended, to a person to operate in the electricity sector, for construction, installment and operation of power plants as well as for generation, transmission, distribution, supply import and export of electricity.
6. **“Licensee”** shall mean a person that holds a license granted by the ERE to operate in the electricity sector.
7. **“Person”** shall mean any physical or legal person.
8. **“Responsible Delegate”** shall mean a physical/legal person who applies for a license on behalf of an Applicant pursuant to Article 7.
9. **“Main Manager”** shall mean the administrator, the general director or top manager, as well as the main technical-engineer director of the object.

10. “TSO” shall mean the Transmission System Operator.

11. “DSO” shall mean the Distribution System Operator.

Article 4 – Licenses

1. The ERE issues Licenses for the following activities:
 - a. Construction, installation and operation of power plant, and generation of electricity;
 - b. Transmission of electricity;
 - c. Distribution of electricity;
 - d. Supply of electricity;
 - e. Export of electricity
 - f. Import of electricity.
2. No license is required for construction and operation of an auto-producer not connected to the power system and for construction of a direct line.

Article 5 – Duration of Licenses Validity

1. The duration of validity of the operational licenses issued by the ERE for the activities provided in Article 4 of this Regulation shall be set by the ERE within the following time frame:
 - for generation of electricity up to 30 years;
 - for transmission of electricity up to 25 years;
 - for distribution of electricity up to 20 years;
 - for supply and trading of electricity up to 5 years;
 - for export of electricity up to 3 years;
 - for import of electricity up to 3 years.

Chapter II Application Procedures for Licenses

Article 6 – Right to apply for a license

Any Person located in Albania and with carrying out an activity which requires a license, may apply for a license issued by the ERE. Any foreign person with carrying out the licensed activity by ERE, has to set up a company in Albania, under the Legislation in Force, a location for the whole period of validity of the license.

Article 7 – Delegation of powers of the applicant

1. The Applicant may appoint a natural or legal person as the Responsible Delegate to apply for an ERE license in compliance with legislation in force and this regulation.
2. The Responsible Delegate shall present to ERE:
 - a. The power of attorney by the applicant for its representation

- b. Certification that the Responsible Delegate is not involved in a judicial process by the juridical authorities (certification from the prosecution office and court).
2. The tasks of the Responsible Delegate are:
- a. to submit 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;

Article 8 – Filing of a licensee application

1. Each application shall be presented in the form defined in this regulation otherwise it will not be reviewed.
2. The documentation filed by the applicant shall be original or the notarized photocopy. The certifications and declaration from other bodies shall be issued not before than three months from the date the application is submitted.
3. Each document shall be in Albanian language and if translated should be notarized.
4. When one or some of the application requests are not completed, the applicant shall provide explanations in written form for the reasons and causes of this non completion. The above explanation shall be attached to application documents according to the order set forth in the Article 9.
5. The lacking of explanations regarding the reasons or causes of non completion will be considered lack of documentation in the beginning form provided for this regulation and the application shall not be considered for beginning of the licensing procedures.

Article 9 – Application documentation

Any application for license despite the type of activity shall be filed according to the following form and shall contain:

| Application Form General Information | |
|---|--|
| Applicant name | |
| Address of Company’s Headquarters | |
| Administrator | |
| Responsible delegate | |
| Tax number | |
| Telephone | |
| Mobile | |
| Fax | |
| E-mail | |
| Account Number (specified for the activity asked to be licensed) | |
| Type of license for application | |

2. Legal Documentation attached to the request

- a. Articles of association of the company
- b. Company's by-law
- c. Act of registration as legal person
- d. Certification proving that the General Manager or the Applicant are not subject of any criminal court proceeding (certificates issued by the court and persecution office) .
- e. Documents that prove the ownership of the applicant on the assets used for the carrying of the licensed activity based on the activity type that he shall carry out.
- f. An applicant's statement showing if a production, transmission, distribution, supply, trade, import or export electricity license was denied or withdrawn to him/her, and if yes, the reasons.

3. Financial and fiscal documentations

- a. Registration and tax payment certification
- b. Declaration for tax payment
- c. Certification of registration and payments of dues to the Social Security Institution.
- d. Insurance certification for the Applicant's activity in the power sector (or a insurance contract with one of insurance companies).
- e. Certification showing that the company is not under bankruptcy process
- f. financial statement of the last three years/or for the period of the existence
- g. Proof of paying the license fee to ERE's account (charge amount is determined by ERE's Board Decision).
- h. Declaration for financial support from financial institutions.

4. Administrative and organizational requirements

- a. Geographical extension of the activity.
- b. Relations and existing participations in other companies. Presentation of activities performed by the person.
- c. Presentation of any other activity of the Applicant outside the power sector.
- d. Administrative structures and their respective names and responsibilities.
- e. Technical, organizational and professional capacities of the company management and engineering staff (their CV's).

5. Documents specific to the type of License

Applicants shall submit to the ERE the following documents, depending on the type of the license:

1. For construction and installation of new power plant as well as the generation of electricity from this or from an existing plant:

a.1 Specific data for HPP

| No. | Unit | Data |
|-----|--|------|
| 1 | Name of HPP | |
| 2 | Location | |
| 3 | Type of HPP | |
| 4 | Construction year | |
| 5 | Date of beginning of works and date of operation (only for the new plants and the existing that are not working*) | |
| 6 | Expected lifetime (only for the new plants*) | |
| 7 | Installed Power S (KVA or MVA) | |
| 8 | Voltage V at the exit of the generator | |
| 10 | Network voltage of distribution/transmission where connected the plant | |
| 11 | Number of generation units and the installed power for each | |
| 12 | Average flows Q (l/s) or m ³ | |
| 13 | Capacity reservoir of the basin W (m ³) | |
| 14 | Head H _{net} (m) | |
| 15 | Annual production of electricity E _{an} (kWh) | |
| 16 | Type of turbine | |
| 17 | Efficiency | |

a.2 Specific data for the sub/station

| | | |
|---|---|--|
| 1 | Name of S/station , voltage levels (KV) | |
| 2 | Main scheme of the sub/station | |
| 3 | Transformer, type, nominal power (S _n), KVA or MVA, voltage of windings (TL, TM, TU – KV), voltage of short connection U _{lsh} in %, Losses of power at clearance. | |
| 4 | Transmission lines (technical parameters) | |
| 5 | Technical data for the main equipment of S/station | |

b. Technical documentation

Technical documentation is developed in the same way as the documentation for concession and includes:

- The feasibility study for the technical optimal solution
- The final cost estimation of the plant
- The implementation scheme of the project
- The technical characteristics of the machinery and technical equipment that will be installed
- The study and the design of the connection to the system
- The technical-economical appraisal of the design by licensed experts

c. Other documentations

- Concessionary agreement or documentation that verifies the ownership of the applicant on the assets that will be used for the licensed activity for privatized HPPs;
- Water permit usage for production of electricity
- Permits and environment authorizations from the competent local and national bodies (only for the new plants*)
- Approval of TSO or DSO for connection point and manner to transmission or distribution electricity network

A. Specific data for wind plants (eolic)

| No. | Unit | Data |
|-----|--|------|
| 1 | Name of plant | |
| 2 | Location | |
| 3 | Type of plant | |
| 4 | Construction year | |
| 5 | Date of beginning of works and commissioning (only for the new plants and the existing that are not working*) | |
| 6 | Expected lifetime (only for the new plants*) | |
| 7 | Installed Power S (KVA or MVA) | |
| 8 | Voltage V at the exit of the generator | |
| 10 | Network voltage of distribution/transmission where the plant is connected | |
| 11 | Number of generation units and the installed power for each | |
| 12 | Minimal and maximal usable wind speed | |
| 13 | Main dimensions (height, helique diameter, type of tower) | |
| 14 | Annual working hours | |
| 15 | Annual production of electricity E_{an} (kWh) | |
| 16 | Efficiency | |

b.1 Technical documentation

The technical documentation includes:

The project which contains:

- The feasibility study for the technical optimal solution
- The final cost of estimation of the plant
- The implementation scheme of the project
- The technical characteristics of the machinery and technical equipment that will be installed
- The study and the design of the connection to the system
- The technical-economical appraisal of the design by licensed experts.

b.2 Other documentation

- Approval of TSO or DSO for connection point and manner to transmission or distribution electricity network

- Permits and environment authorizations from the competent local and national bodies (only for the new plants*)
- Documentation that verifies the ownership of the applicant on the assets that will be used for the licensed activity.

C- Other specific data for TPP

| 1 | Name of TPP | Data |
|----|--|------|
| 2 | Location | |
| 3 | Type of TPP | |
| 4 | Construction year | |
| 5 | Date of beginning of works and commissioning * | |
| 6 | Expected lifetime* | |
| 7 | Installed power S (KVA) | |
| 8 | Number of units | |
| 9 | Type, number and power of the turbine | |
| 10 | Annual production of electricity E_{an} (kWh) | |
| 11 | Steam production (ton/hour) | |
| 12 | Efficiency | |
| 13 | Type of fuel | |
| 14 | Annual consumption of fuel and annual consumption of water | |

c. 1 Technical documentation

Technical documentation is developed in the same way as the documentation for concession, and includes:

- The feasibility study for the technical optimal solution
- The final cost estimation of the plant
- The implementation schedule of the project
- The technical characteristics of the machinery and technical equipment that will be installed
- The study and the design of the connection to the system
- The technical-economical appraisal of the design by licensed experts

c.2 Other documentation

- Concession agreement
- Water permit usage for production of electricity
- Permits and environment authorizations from the competent local and national bodies
- Approval of TSO or DSO for connection point and manner in the transmission or distribution electricity network
- Preliminary agreement for fuel supply

2. For the electricity transmission activity

- a. The principal electric scheme of transforming lines of transmission and sub/stations administered by TSO
- b. The list of transmission lines (overhead lines, underground cable) the length in km, their technical parameters, level of voltage, nominal transformer capacity in MW and the printing track in the topographic map
- c. The list of in and off- take points and metering of electricity in the interfaces of the transmission system and the plants, distribution networks and the customers connected in the transmission network, type of meters and location of metering equipment (apparatuses).
- d. List of interconnection lines their length in km, their technical parameters, level of voltage, transmitter nominal capacity in MW and the printing track in the topography map
- e. Investment plans for expansion of transmission system
- f. Investment plans for upgrading and maintenance of the transmission system
- g. The technical standards of the lines, their components, transformers, auto-transformers, switch on-off devices and other substation elements
- h. The average quantity of electricity forecasted to be transmitted during one year in GWh for each month.
- i. Number of customers directly connected to the transmission network

3. For the electricity distribution activity

- a. The total length of the distribution network in km (overhead line, underground cable) based on the levels of voltage of their work
- b. List of lines 35 kV; 20kV; 10kV and 6kV their technical parameters
- c. The list of distributing sub-stations 110/35/10kV; 110/35/6kV; 110/20kV; 35/6kV, the transformer power installed in them
- d. Number of transformer cabins in the level MV/LV divided according to the voltage levels
- e. List of electricity receiving points from the transmission system (level of voltages and the metering system)
- f. List of generating plants of electricity connected directly to the distribution network or through e transformer substation (levels of voltages and the metering system)
- g. Number of customers that it supplies with electricity divided by categories
- h. Average quantity of the electricity forecasted to be distributed during a year based on a typical monthly schedule.
- i. Investment plans for expansion of distribution system
- j. Investment plans for upgrading and maintenance of the distribution system

4. For the electricity supply activity

- a. The average quantity of electricity in GWh forecasted for customer supply for a year
- b. Number of eligible customers or tariff customers that will be supplied
- c. Levels of voltages and the metering system for eligible customers
- d. Financial capital for performing of activity

5. For the electricity import and export activities

- a. The quantity of electricity in GWh forecast to be imported or exported
- b. Financial capital for performing of this activity
- c. Execution of previous contracts, if any.

Article 10 – Review of license application

1. After the reviewing of the submitted application regarding the requests of the articles 8 and 9 the Licensing and Monitoring Dept and the Legal Issues and Public Relations Dept shall prepare a report proposing to the Board of ERE the beginning or not of the procedures for the license application reviewing in compliance with the deadlines set forth in the Rules of Practice and Procedure.
2. The Board of ERE may decide not to begin the procedures for license application reviewing based on the abovementioned report and shall notify the Applicant about the reasons of the refusal within three working days.
3. The Applicant shall submit a new application according to the requirements of this Regulation by taking into consideration the ERE guideline.
4. If the Applicant submits a new application for the same license within three months from the decision of the Board for non starting of the procedures, the submitted documentation in the previous application shall be considered valid for the new application.
5. When the beginning of procedures for the license application is approved, ERE publishes in the written media the notification on the license application within three days.
6. ERE shall publish in the media for two consecutive days in three daily newspapers of national circulation that e published in Tirana:
 - a. a short summary on the application;
 - b. a notification that the submission of objections or complains from the interested parties can be submitted to ERE within two months from the first publication date.
7. After the publication in the media, for a two months period from the first days of the notification ERE shall assure that the application and all the accompanying documentation or any other information are available for inspection by the public in ERE premises.
8. According to the article 14, paragraph 2 of the Law Nr. 9072 date 22.05.2003 “On Power Sector” as amended, for the plants with capacity up to 5MW the period set forth in paragraph 7 shall be 1 month.
9. ERE shall, taking into consideration the applicant claims, decide what information or documentation should be taken confidential and prevent any access by the interested parties

Article 11- Submission of Additional Information

1. During a period of two months from the date of the first publication in the media of the application until the ending of the deadlines stated in the article 10, point 5 and 6, ERE may require the Applicant to provide additional information, in the form and within a specified deadline, concerning any matter deemed necessary by the ERE.
2. If the applicant fails to provide the additional information within the period specified by the ERE, the ERE may reject the application.

Article 12 – Checking-up of the accuracy of the data provided by the applicant

1. When the objection period is finished according to the article 10 paragraph 5 and 6 of this Regulation, the Licensing and Monitoring Dept and the Legal issues and Public relations Dept shall analyze all the possible objections submitted by other parties, the filed documentations (application) from the applicant and any additional information provided upon ERE’s request, whether they are in compliance with the provisions of this Regulation.
2. After checking the documentation, including the protocol described in Paragraph 1 of this Article, the Departments shall submit to the Board a report suggesting granting or refusing of the license and the relevant justifications in accordance with the Regulation and the legislation in force.

Article 13 – Decision of the Board of Commissioners

1. Upon termination of the deadline for submission of objections or complaints, ERE Board of Commissioners shall review the application based on the criteria specified in the Article 15 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 shall take into consideration the following criteria:
 - a. the completeness and accuracy of the submitted documentation;
 - b. the location and territory in which the licensed activity will be carried out
 - c. the safe and stable functioning of the equipment, plants and/or network
 - d. the demand for primary energy sources
 - e. the requirements for the national security, life of the citizens, property, health and public order
 - f. the financial requests
 - g. the protection of the environment;
 - h. the promotion of electricity efficiency in the power sector
 - i. public service obligations as stated in the legislation;
 - j. the promotion of a competitive electricity market and the least cost principles in the electricity supply
 - k. the security and reliability of supply with electricity within the Republic of Albania
2. In making its decision, the Board of the ERE shall examine:
 - a. the applicant’s application, and any additional information submitted by applicant;

- b. any objections and complaints submitted by interested persons;
- c. the report required from the Department of Licensing and Monitoring and the Department of Legal Issues & Public Relations.

Article 14 – Granting or refusing of the license

1. The ERE Board of Commissioners shall take the final decision for granting or refusal of the license within 90 days after the first publication of the notification in the media, basing its decision on grounds of the criteria set forth in the article 13 of this Regulation.
2. For plants with installed capacity up to 5 MW, the Board takes a decision no later than 45 days from the first publication date, based on the specific criteria set forth in the article 13 of this Regulation.
3. The final decision should be in written form and should contain the justification for granting or refusing the license.
4. The ERE decision to grant a license under this Regulation shall be published in the Official Journal.
5. The ERE decision concerning the granting or refusal of the license may be appealed to the Court by the applicant or any other person that has a legal interest.

Chapter III Modifications and Renovation of License

Article 15 – The procedures for modifications of license

1. The ERE may, upon request of licensees or on its own initiative, modify terms and conditions of a license that it considers proper, complying with the procedures provided for by the Article 21 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. in case there are changes of some circumstances on the issuing date of the license (legal framework, court decisions) or of some events that substantially affect the electricity generation, transmission, distribution or the electricity market;
 - b. in case the changes make impossible the partial or total fulfillment of the terms and conditions set forth in the license;
 - c. in case there are changes to the structure of the Licensee including splitting, merging or transformation into another legal entity.
3. If the ERE decides to modify a license it will issue to the licensee a new license with a modified content, thereby canceling the changed parts in the previous one.

Article 16 – Renovation

1. No later than 3 months from the license termination, the person may ask ERE for a renovation of the license by submitting the following documents:
 - a. written request and a detailed information that describes the performed activity,
 - b. the documents on the person identification, legal and financial documents as set forth in the article 9 of this Regulation, issued not earlier than three months from the submission of the request at ERE
 - c. any modification or possible change in the technical data.
2. The criteria for the Board decision shall be the same as in the licensing case.
3. In the case of e Board renovation the Board may take into consideration the fulfillment of the license terms and conditions for the licensed activity by the Applicant.
4. In case of license renovation for the activity of import or export of electricity ERE shall notify immediately the Minister responsible for energy regarding that request.
5. The Board shall take a decision for renovation no later than 45 days from the submitting of the request according to the rules.

Chapter IV Licenses' Register

Article 17 – Register form

1. Licenses issued for carrying out activities in the power sector shall be kept by the ERE in the Licenses' Register.
2. Licenses' Register shall be kept electronically and in writing. The set of the accompanying documents shall be kept with the Register.

The following details shall be entered in the Register:

- a. License register number;
- b. Date of the approval of the licensee
- c. Date of the issuance of the license
- d. Name of the licensee;
- e. Seat of the licensee;
- f. Description of the activity which is the subject of the issued license;
- g. Duration of the license
- h. License expiry;

- i. Date and content description of any modifications, withdrawals or transfers of license.

Article 18 – The right to be informed about the Register keeping

1. License Register is open to public access. Access to the Register shall be enabled only in the ERE's premises.
2. Access to the set of accompanying documents shall be allowed to person with legally vested interest as determined by the ERE and the legislation in force.
3. The confidential or business information will not be available for public inspection or review, since their publication may bring about economic damages.

**Chapter V
Other Provisions**

Article 19 - Transfer

1. In case of assets transfer the non licensed person to whom the assets are transferred shall apply to the ERE for a new license. This request shall be treated as a request for license renovation.
2. In case of partial transfer, before the ERE decides to issue a license to the person to whom the assets have been transferred, ERE shall carry out with its initiative the license modification to the licensee that has performed the partial transfer.

Article 20 – Transitory period

All the applications for a new license or license modification that are submitted to ERE before this Regulation becomes effective shall be treated in compliance with the provisions of the previous Regulation.

**Chapter VII
Final Provisions**

Article 21 – Amendments to the Regulation

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

Article 22 – Abrogation

The Regulation on licensing procedures and the Regulations on licensing procedures for construction of plants with capacity under 5MW and generation of electricity from these plants, adopted respectively with decision Nr. 37 date 09.07.2004 and Nr. 44

14.10.2004 of the Board of Commissioners shall be abrogated upon this Regulation enters into force.

Article 23 –Entrance in force

This Regulation enters in force after it is published in the Official Gazette of the Republic of Albania.