

COMPLIANCE REPORT

DSO 2022

Prepared by:
Ervis Hazizi
Compliance Officer

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1. INTRODUCTION

DSO is an Albanian legal entity, created by the sole shareholder "OSHEE GROUP", based on Article 3, point 1, of law 9901/2008 "On traders and commercial companies" (amended), in the legal form of the joint stock company, with private offer, based on article 103 of Law no. 9901/2008, "On Traders and Companies" as amended.

In the course of the activity, in the correspondence and acts of the company, including all letters, order forms, any publications, ducted through the use of printing or electronic form addressed to third parties, the name/designation of the Company contains the following data:

- a. Unique Subject Identification Number (NUIS): L81530018E;
- b. Subject Name: Distribution System Operator;
- c. Establishment date: 28/03/2018;
- d. The legal form described in the words Joint Stock Company or JSC;
- e. Its headquarters; data whether the Company is in liquidation and the value of the registered capital repayable;
- f. The headquarters of the company in Albania, TIRANA "Gjergj Fishta" Boulevard, Building No. 88, H. 1, Floor V, Administrative Unit No. 7, 1023.

2. ADMINISTRATIVE MODEL OF "DISTRIBUTION SYSTEM OPERATOR" (DSO)

2.1 General Assembly

The General Assembly is the highest body of the Company, which without prejudice to other powers contested by the Law or this Statute, takes decisions on the following matters of the Company:

- a) the definition of trade policies;
- b) the adoption of the Company's strategy and financial plans, as well as any changes therein;
- c) changes to the Statute;
- d) the appointment, as well as dismissal of members of the Administrative Council, if they do not fulfill the obligations charged under the law and the statute;
- e) the appointment and dismissal of authorized liquidators and accounting exchequers;
- f) the approval of the reward scheme for persons mentioned in points d) and e);
- g) approval of annual financial statements and performance reports of the Company;
- h) distribution of annual profits;
- i) increase or decrease capital of the Company;
- j) the parting of the shares and their cancellation; changes in rights related to shares of particular types and categories;
- k) representation of the company in judgments against administrative bodies;
- l) reorganization and the breakdown of the Company;
- m) the adoption of the procedural rules of its meetings;
- n) investment decisions;
- o) other matters in its interest or as per the provisions of this Statute.

2.2 Council of Administration

The Administrative Council of the Controlled Company:

- 1) It consists of 3 (three) members who are appointed and dismissed by decision of the General Assembly by a simple majority of shareholders, based on the shareholder's tag of the parent company, based on the provisions of Article 207/2 of the Law No. 9901/2008 "On traders and companies as amended"
- 2) The first members of the Administrative Council shall be appointed by the Assembly by special decision.
- 3) The term of office of the Administrative Council shall last 3 (three) years, with the right to re-election.
- 4) A member of the Administrative Council may be elected any person as provided for in Article 156/1 of the Law no. 9901/2008 "For traders and companies" amended or individual who has completed higher education, pDSOesses a valid diploma in economics, law, electrical engineering, business management and not affected by the restrictions provided for in Article 156/2 of Law 9901/2008 "On traders and companies" as amended.
- 5) The Chairman of the Administrative Council chairs the meetings and conducts the meetings, signs the correspondence on behalf of the Council, notifies the Council on the progress of the issues of the Society. In the absence of the Chairman, his powers are carried out by the Vice President.
- 6) Members of the Administrative Council shall receive basic salary and additional bonuses for participating in the Council.

The Administrative Council has the power to:

- a) provide directives to the administrator for the implementation of the company's trade policies;
- b) control and supervise the implementation of the company's trade policies by the administrator;
- c) prepare at the request of the General Assembly the taking of measures within the competence of the latter, to recommend to it the decisions necessary to be taken, and to implement the decisions of the Assembly;
- d) convene the general assembly whenever deemed necessary for the interests of the company;
- e) ensure that the Company respects the law and standards of accounting;
- f) examine and control the accounting books, documents and assets of the company;
- g) ensure that annual financial statements, activity performance reports, and other reporting and publication obligations, binding on the basis of the league or statute, are carried out accurately by the Administrator. These documents must be approved and signed by all members of the Management Board to be submitted to the General Assembly, together with a report from the Administrative Council for approval and a description of management supervision throughout the financial year;

- h) ensure that the audit of books and accounting records is carried out at least once a year by an authorised, independent accounting expert and the audit report to the General Assembly is made available to all members of the Council and the Administrator. The report of the Administrative Council, referred to in the point of) shall also contain the opinion on the audit report;
- i) appoint and dismiss the Administrator;
- j) determine the administrator's remuneration;
- k) approve the assumption of liabilities of more than 5 percent of the Company's assets resulting in the last certified financial statements, through the signature of loans or issuing of other debt or instruments;
- l) establish long-term trade cooperation and policy proposals for the establishment of new companies or groups;
- m) approve amendments to the approved plan for the supply of goods, services or other costs;
- n) perform other acts, as defined in law and statute;

The Administrative Council has the obligations provided for in the Statute and Article 163 of law no. 9901/2008 "On traders and companies as amended"

2.3 Administrator

1. The Administrator is appointed and dismissed by the Administrative Council. The term of office of the Administrator is 3 (three) years, with the right to re-election.
2. Administrator may be elected any individual who has completed higher education and who is not affected by the restrictions provided for in Article 13/1 and 158/2 of law NT. 9901/2008 "On traders and companies", as amended.
3. The Administrator has the power to:
 - a) perform all the operations of the administration of the company's commercial activity;
 - b) represent the company;
 - c) ensure the correct and regular maintenance of the company's documents and accounting books;
 - d) prepare and sign the annual balance sheet, consolidated balance sheet and performance report of the activity, which they submit to the Management Council for approval, together with proposals for distribution of profits, to be submitted thereafter for approval by the General Assembly;
 - e) perform the mandatory records and publications of the company's data, according to the provisions of this law or other laws;
 - f) report to the Management Board on the implementation of trade policies and the realization of actions of particular importance;
 - g) perform other duties specified in law and statute;

- h) The Administrator is obliged to obtain prior approval from the General Assembly and/or the Administrative Council before the receipt and/or implementation of any decision concerning specific matters provided for in Article 12.2 and Article 16,1 h/i/d of this Statute;
- 4. The duties assigned by the law and statute to the Administrative Council, may not be exercised by the Administrator.
- 5. The Administrator has the obligations provided for in the Statute, article 13 and following law No. 9901/2008 "On traders and commercial companies" as amended.

3. WHO ARE WE: "DISTRIBUTION SYSTEM OPERATOR"

3.1 Distribution of electricity

1. Electricity distribution is carried out by distribution system operators, who are legal entities, licensed by ERE under the provisions of this law, Article 68/ Law 43/2015.
2. The Distribution System Operator owns the electricity distribution system at voltage 35 kW, 06-20 kW, 04 kW, with the purpose of dispensing it to customers, where its limit with the transmission system is that defined in point 2, of Article 54, of this law.
3. The Distribution System Operator is responsible for:
 - a) ensuring the safe and sustainable development of the distribution system;
 - b) the requirements for the distribution of electricity;
 - c) the maintenance and safe operation of the electricity distribution system throughout the territory for which it is licensed;
 - d) maintain the confidentiality of sensitive commercial information obtained in the course of its activity;
 - e) procure electricity for the coverage of losses in the distribution network, in accordance with transparent non-discriminatory procedures. The procurement procedures for electricity are approved by ERE, following the proposal of the Distribution System Operator;
 - f) provide, without charge and on the basis of an agreement, to each electricity supplier access to measurement data for customers with whom the supplier has signed a supply contract. The ERE defines the data format and procedure for suppliers' access to such data;
4. The Distribution System Operator provides without discrimination the service of electricity distribution to all users of the network, which meet the requirements set forth in this law and other bylaws. The Delivery System Operator respects the quality of service indicators and requirements provided for by the technical regulations.

5. The electricity distribution network is developed on the principle of lower cost, in accordance with legislation on urban planning, property rights, environmental protection, protection of people's life and health and efficient use of energy.
6. The Distribution System Operator installs and processes all types of information, communications and technological systems. Depending on the possibilities, parts of the communications infrastructure and/or capacities of the high speed communication network can be used without damaging and endangering its activities and networks within the framework of the relevant legislation, in accordance with the opinion of the ERE.

3.2 Rights of DSO regarding secondary energy sources

1. The Distribution System Operator according to Article 70 Law 43/2015 draws up technical conditions, approved by ERE, for the installation of a secondary source of electricity supply for customers who require this service, including the conditions that the secondary source must meet, in order to prevent disruptions in the network.
2. Each customer who wants to install the secondary source sends a written notification to the Distribution System Operator in advance and simultaneously provides the representatives of the supplier with whom the supply contract has access to the secondary source, for the purpose of inspecting this installation.
3. The Operator of the Distribution System has the right to interrupt the electricity supply to a customer, if it does not fulfill the obligations provided for in points 1 and 2 of this article.

3.3 Distribution Code

1. The Distribution Code under Article 73 Law 43/2015 defines the technical requirements for planning, expansion, operation, control and maintenance of the distribution network and specific rules for connectivity and access to the distribution network, as well as the rules of measurement.
2. The Distribution Code is approved by ERE, on the proposal of the Distribution System Operator, which cooperates with all participants of the electricity sector, in order to design, revise or adapt it.
3. The operation of the distribution network must be in accordance with the provisions of the Distribution Code.

3.4 Meter verification

1. The verification of meters according to Article 77 Law 43/2015 of electricity is carried out by the General Directorate of Metrology (DPM) or by a legal person authorized by it. The legal person authorized for this purpose shall be accredited under the applicable legislation.
2. The measurement devices are verified before putting into use, through the sample method, on the basis of random selection and periodically.
3. The verification of gauges can be realized upon request of the system operator. Verification can be carried out on the ground where the gauge is installed, near the DPM laboratory or authorized legal entity. The periodicity of verification of the meters installed in the client is defined in the Measurement Code. In any case, the representative of the system operator must also be present.
4. During the process of verification of electricity meters from the DPM or from the authorized legal entity, the representative of the system operator must be present in any case. The DPM shall adopt the appropriate meter verification procedures, in accordance with applicable legislation and international standards.
5. The financial costs for verification before the use and periodic verification of the gauge or verification initiated by the system operator are incurred by the latter. ERE takes into account these costs incurred by the operator, when approving the relevant tariffs.
6. When the client doubts the accuracy of the measuring device, submits a written request to the network operator, as well as any other institution responsible for verifying the measuring device. The procedure for submitting a request, its review and deadlines of notification of the applicant are approved by decision of the ERE. When the meter verification is done at the request of the client and during the meter verification, inaccuracies are not found, the verification costs are paid by the client who has filed the complaint.
7. When after verification, inaccuracies in the gauge are found and there is no evidence of deliberate damage done by the customer, the corresponding calculations of the amount of energy billed more or less are made, as a result of inaccuracies in the gauge and the way of reimbursement, according to the rules and procedures provided for in the Measurement Code.
8. Ceiling tariffs for meter verification are approved by mutual instruction of the Minister of Finance and Minister responsible for energy.
9. The system operator, if it finds illegal interventions, takes immediate measures for repair and replacement of the equipment in which it is interfered, calculates the economic damage caused by illegal interventions and implements the relevant procedures according to the legislation in force. ERE adopts the relevant regulations and methodology for the deployment and calculation of economic bull by the system operator.

10. ERE approves the type contract between the system operator and the DPM or its authorized entity for the verification of meters.

4. DSO COMPLIANCE PROGRAM

Approval of the DSO Compliance Program:

In support of Article 16 and Article 72, of Law No. No. 43/2015, 'On the electricity sector' as amended, as well as Article 15 of the Regulation on the Organization, Functioning and Procedures of ERE adopted by the Board of the Energy Regulatory Entity (ERE) No. No. 96, dated 17.06.2016, the board of ERE, at its meeting dated 21.12.2020, after reviewing the relationship no. No. 135/8 Prot, dated 15.12.2020 of the Technical Directorate, on the adoption of the Compliance Program of the Distribution System Operator (DSO sha).

4.1. General provisions

The Compliance Program of electricity distribution system operator (DSO) sets the conditions for the division and independence of DSO, in accordance with law No. 43/2015, "On the Electricity Sector", as amended.

The program aims at avoiding discriminatory behaviors of DSO to other participants in the electricity market, especially in favor of daughter societies, as well as offering mechanisms for its implementation, monitoring and reporting. The programme defines the specific obligations of employees to meet this objective and transposes in full the requirements of Directive 2009/72/EC, in accordance with Article 72 of the Law on the Electricity Sector.

The Compliance Program was approved by Decision No. 18/2020 of the Management Council of DSO through electronic communication dated 11 December 2020, the Energy Community Secretariat conveyed to ERE its comments and suggestions regarding the Compliance Program, which as we announced by DSO, have been reflected in most of them.

Summarily, the comments of the Energy Community Secretariat which are reflected in the Compliance Program consist of:

- a) Clearly reference the purpose of the Program to avoid discriminatory behavior in favor of the daughter companies of DSO;
- b) Placing an explicit duty on the Compliance Officer in identifying cases when staff are working at the same time in more than one company or is in conflict of interest;

- c) The right of access of the Official to all important data of the company, to be explicitly included in the Program;
- d) Issing of internal recommendations and instructions by the Official;
- e) Employees (of DSO) not only declare readiness to implement the Compliance Program, but the latter must be binding on them;
- f) The rights of employees should be included the right to address to the Official any information regarding potential discrimination anonymously;
- g) The content of the Annual Program is defined in more detail;
Access to information and the exclusion from any privileges (related to information) of companies in competitive business should be addressed in more detail;
- h) DSO, as a company with exclusive right must procure all goods and services through a competitive procedure. In the case of any goods or services procured within the company, without a public procurement procedure, these goods or services shall be evaluated at a market price or in cost, whichever (of them) is lower;
- i) Regarding disciplinary sanctions at the management levels and for all employees of DSO, the Compliance Program should include additional/more detailed consequences.

In particular, this program is intended to ensure:

1. Proper allocation and independence of DSO across all sectors;
2. Allocation of accounts, management, and full decision making according to law 43/2015;
3. Avoiding DSO discriminatory behaviour towards users of the dislocation network;
4. The new branding;
5. Monitoring and reporting the implementation of this Program in ERE;
6. Preparation of the detailed annual report.

**4.2 Assessments and Notes on the Compliance Program by the Energy Community Secretariat for the allocation and requirements of the Electricity Directive from DSO/DSO
CN 02/2021/ 22 November 2021**

The Secretariat of the Energy Community has adequately given its opinion and assessments regarding the functioning of the DSO Company, where it must implement the Compliance Program as it is a legal obligation to be implemented by all employees of DSO.

The regulatory authority or other national body should have the right and duty to monitor functionality, in particular the progress of the division DSO and the Compliance Program.

The Compliance Officer is the key person responsible for the permanent and continuous monitoring of the implementation and effectiveness of the compliance program, for assessing the effectiveness of policies, procedures applied, measures and for regular reporting to the regulatory authority. This report shall contain the explanation of the measures taken and their effectiveness as well as any risk of non-compliance.

To fulfill the task, the Officer must be fully independent and must have access to all necessary information, not only of DSO, but of every affiliate of the enterprise. The scope of the Compliance Program will depend on the complexity of the integrated enterprises, their legal form and the management and oversight system already established. The interpretive note explains that the Compliance Programme will determine measures taken to ensure that discriminatory behaviour is excluded and ensure that the conduct of DSO staff in this respect is adequately monitored. The Compliance Program will explicitly define policies and procedures. Such policies may consist of:

1. active, regular and visible management support for the program;
2. the staff's written commitment to the program by recognizing and implementing the Compliance Program;
3. indication of disciplinary measures to be taken against staff who violate the program's rules;
4. adequate information about the program and training in the Offices of DSO.

Foreign consultants assessed that the DSO Compliance Program is extensively drafted and can be considered as a comprehensive document that sets out an obligation to supervise compliance with requirement sharing and reporting on any shortcomings. The Secretary agrees to this program.

4.3 Appointment of Compliance Officer

The Office of the Compliance Officer was approved by the Decision of the Supervisory Council no. 9, dated 02.06.2022, "On the approval of a change in the organizational structure of the Company Distribution System Operator DSO".

Ervis Hazizi was appointed by ERE as a Compliance Officer on 27.03.2023.

4.4 Duties of Compliance Officer

By decision of the Energy Regulatory Entity Board, the Compliance Officer is appointed, who is responsible for ensuring compliance, as well as the submission of the Compliance Report to ERE. The Compliance Officer is responsible for monitoring the compliance with the legal obligations of the Compliance Program, as well as for the necessary changes or revisions to this program with the approval of the ERE. The Compliance Officer shall not hold, directly or indirectly, any position or professional interest in the vertically integrated company. The Compliance Officer will report cases where DSO staff

are identified as having been employed in more than one company at the same time, or if staff have any other conflict of interest. The Compliance Officer has the right to be present at the meetings of the Management Board, or management of DSO, whenever the Compliance Officer, in his full discretion, assesses that his participation in the meeting contributes to the execution of his duties and may be related to issues such as: conditions of access to the distribution system, as well as the use of this network, allocation of distribution capacities, transparency, implementation projects related to the operation, maintenance and development of the distribution system, the purchase and sale of energy for the need of covering losses in the distribution network, etc. The Compliance Officer shall have access to all information which he, in his own discretion, decides are necessary for the performance of his duties, including the data of DSO and daughter societies. The Compliance Officer reports to the Management Board and management staff of DSO, regarding possible disputes within the implementation of the Program, and prepares in writing measures and proposals to fix such issues, including recommendations for internal guidelines. If these issues are not fixed within a reasonable time, the Compliance Officer shall report to ERE. For avoidance of doubt, nothing in this provision will mean that the Compliance Officer is subordinate to the Management Board or the management staff of DSO. The Compliance Officer has the right, in his full discretion, to report directly to the regulatory authority of any violation of the Compliance Program, while keeping the management staff informed of this process.

The methodology of program control by the Compliance Officer of DSO will be such:

1. Collecting information in paper forms, e-mails by accessing the necessary data and in the offices of DSO.
2. Verification of documentation, complaints, contracts directly or indirectly.
3. Attending all meetings of DSO directors. and corporate bodies, including the General Assembly, the Supervisory Council and governing bodies.

5. SHARING THE ACTIVITY OF DSO

Independence of the "DSO" which is sanctioned in the provisions of the law of the electricity sector, is also reflected in the statutory provisions of the Statute of the Society. Specifically Article 25 of the statute of the company "DSO" regulates the relations between the parent company "OSHEE GROUP".

In accordance with the laws and statutory provisions during the period 2020 and following, the division of the company activity was carried out, which was legally realized through administrative acts and functionally through the realization of the activity of the company by the structures themselves depending on it.

With the agreement (contract of transfer of real rights) dated 16.12.2020 concluded between the parties "OSHEE GROUP" and the "DSO" Company. The division of the "OSHEE" through the transfer of activity.

At the moment of effectively becoming the division of the company, since 2020, and the full gain of the legal personality DSO. It is governed by its decision-making bodies, which are the Administrator and supervisory board.

Support of "OSHEE GROUP" is limited to administrative and support functions. Current decisions, daily operations of DSO, as well as management issues will not be affected;

Nothing in the Service Provision Agreement shall be read as a conclusion, direct or indirect, of the decision-making rights or the exercise of the influence of OSHEE GROUP over DSO.

5.1 Legal unbundling

The legal division was prepared in 2019 and was carried out immediately in early 2020 when the company started functioning as a single one with full decision making rights under the law 43/2015 "On the electricity sector". In early 2020 the company approved by a special decision "Compliance Program", which aims to avoid discriminatory behaviors of DSO to other participants in the electricity market, as well as provides mechanisms for its implementation, monitoring and reporting. The implementation of this program ensures that the company:

- a) has full decision-making rights independent of the integrated company to ensure the functioning, maintenance or development of the distribution network.
- b) drafts and deposits with the competent bodies a detailed annual programme.

5.2 Functional unbundling

Functional division is related to the process of separation of assets and obligations from the parent company and ensuring their functional use, in the service of realizing the objectives of the company, which was a longer and more complex process, which required many organizational decisions and implementation time. Especially the division of the rights and obligations of the company according to the balance sheet, which was accompanied by detailed analysis of the recorded data and a separate divisional, took a greater amount of time stretching almost throughout 2020.

This process also needed changes in the organizational scheme of the society to enable the increase of the efficiency of management and administration, to emphasize that the society is in continuous transformation and better functional adaptations are the object of ongoing decision-making.

The evaluation of the division through the transfer of the company's activity was carried out by independent legal auditors (I.L.D-99 Audit) according to the report submitted on 10/12/2020.

5.3 Unbundled of management

According to the Electricity Directive, the management staff of DSO cannot participate in the corporations, structures of VIU or any of its subsidiaries responsible, directly or indirectly, for the day-to-day operation of production, distribution.

In this regard, members of the Management Board, the General Director, and the Regional Directors of DSO may not be employed by the parent company or subsidiaries engaged in production/production and/or supply and cannot be appointed as members of any corporate body of such companies, including supervision. The interpretive note explains that the Director of the DSO cannot simultaneously be a director of the respective transmission, supply or production company, or vice versa, the DSO Compliance Program contains a provision that the persons managing the DSO "Shall not receive financial compensation or other material or financial benefit from other companies and there shall be no wages in respect of the performance level of other companies within the integrated company".

As an Official, I have the right to verify all the above-mentioned cases and if there is any such case, adequate measures will be taken and reported to the competent authorities, as provided by law.

5.4 Process of Transferring Employees from OSHEE to DSO

Within the process of separation of "OSHEE" and the creation of new companies, as a legal obligation in the framework of the reform in the energy sector and in the application of law No. 43/2015, "On the Electricity Sector", amended, Decision of the Council of Ministers No. 519, dated 13.7.2016, "On the adoption of the Electricity Market Model", as well as the Order of shareholder of "OSHEE" No. 157, dated 12.02.2018, on "Creation of three companies controlled by the Electricity Distribution Operator", the three daughter companies were established:

1. **Distribution System Operator** (DSO) with private offer, with activity distribution of electricity, construction, operation and maintenance of electricity distribution network for electricity security to customers, connecting customers and users of electricity distribution network, installation and measuring services etc., as well as any other profitable activity of interest to society;
2. **Universal Service Supplier** (FSHU) on a private offer, with the object of activity in the supply of electricity to end customers operating in the regulated market determined by the legislation in

force, the provision and assurance of commercial quality of service, as well as any other profitable activity of interest to the company;

3. **The supplier of the Free Market** (FTL) with private offer, with the object of activity in the purchase and management of energy and the operation in the free market etc., as well as any other profitable activity of interest to the society.

Consequently, within the effectiveness of the division and pursuant to Article 138 and the following of the Labour Code, all employees have been informed that starting from 01.01.2020 their employment relations are transferred by the current employer "OSHEE". The new employer "DSO" with the same contractual conditions. The Department of Human Resources is charged with following and notifying about the continuity of the employment relationship.

I want to emphasize that DSO is making progress and will create all its independent sectors.

In this respect, all appointments and transfers from OSHEE staff to DSO will be monitored, based on the legislation in force and the transparency we will provide with employees.

Average number of employees for 2022

Average number of employees of DSO in 2022, there were 5,430 in Table 1.

Description	Average number per organizational unit
DIRECTORATE GENERAL	336
REGIONAL DIRECTORATE TIRANA	892
REGIONAL DIRECTORATE OF DURRES	708
REGIONAL DIRECTORATE BURREL	333
REGIONAL DIRECTORATE OF SHKODRA	366
REGIONAL DIRECTORATE OF KUKES	189

REGIONAL DIRECTORATE OF BERAT	268
REGIONAL DIRECTORATE OF FIER	239
REGIONAL DIRECTORATE OF ELBASAN	273
REGIONAL DIRECTORATE OF KORÇA	255
REGIONAL DIRECTORATE OF GJIROKASTRA	242
REGIONAL DIRECTORATE OF VLORA	242
HIGH VOLTAGE CENTER UNIT	227
SOUTH-WEST TL UNIT	248
SOUTH EAST TL UNIT	244
TL NORTH UNIT	247
HIGH VOLTAGE DIRECTORATE	109

Table 1. Average number of employees per administrative unit for 2022

The following two tables show the average age and gender division of employees of DSO, as well as their education during 2022, respectively Table 2 and Table 3.

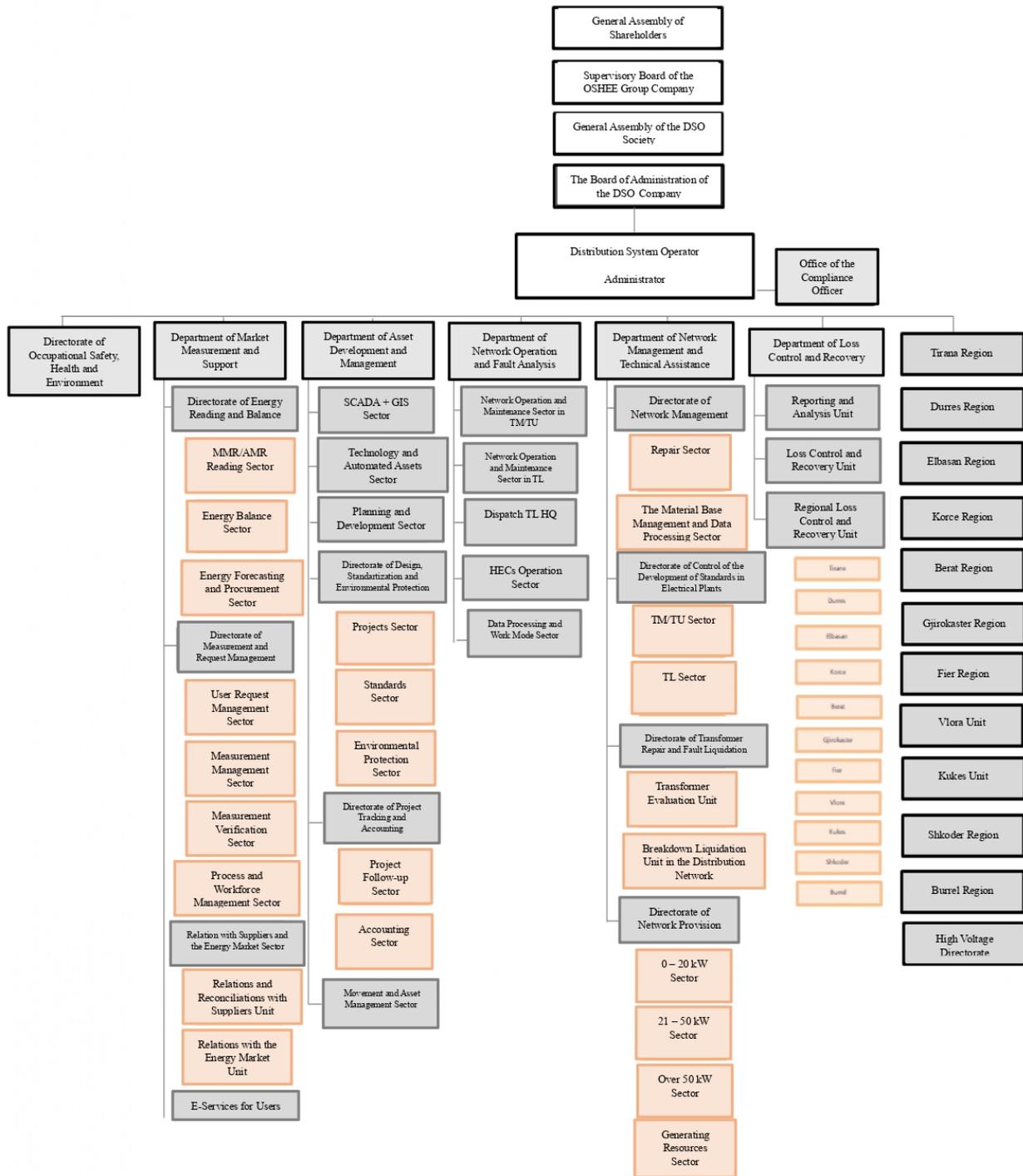
	Women	Men
Average number	894	4536
Average age	42	45

Table 2. Average age of employees and gender-based segregation

Education	Number of employees
Tertiary education	1931
Secondary education	3300
Compulsory education	199

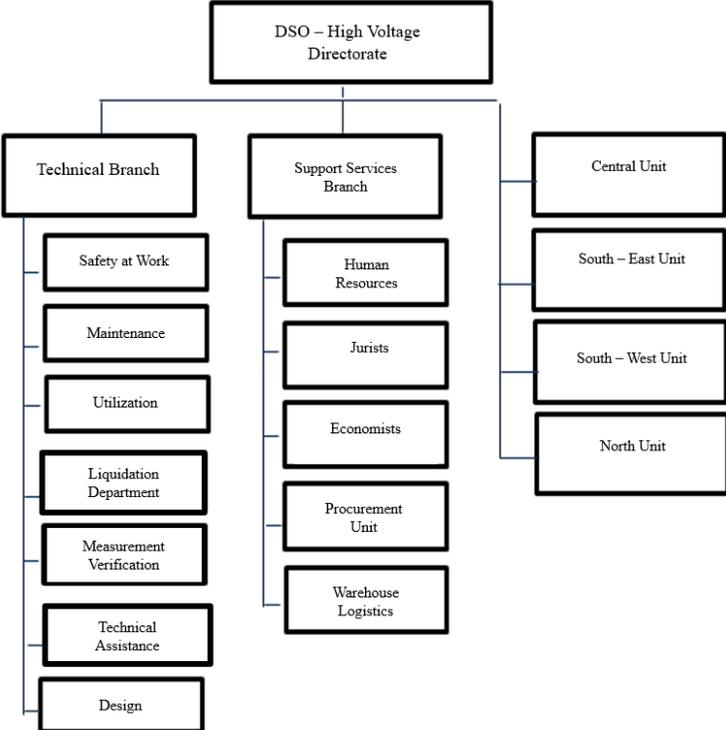
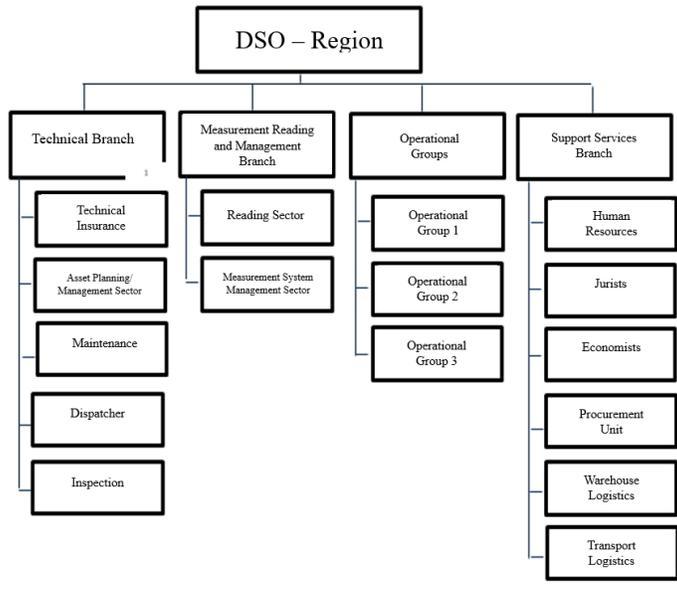
Table 3. Education of DSO Employees during 2022

5.5 Organization Chart



Compliance Report

DSO



6. INDEPENDENCE AND EFFECTIVE DECISION-MAKING RIGHTS

In reference to Law No. 43/2015, as amended, when the Distribution System Operator is part of a vertically integrated company, in order to be independent in organizational and decision-making from other activities not related to electricity distribution, among other things, it must meet the following conditions:

a) have full decision-making rights independent of the integrated company to ensure the functioning, maintenance or development of the distribution network.

b) to draft and deposit in the ERE an annual programme which sets out measures to be taken to ensure the prevention of discriminatory actions and the realization of the main objectives of the society which directly affect its economic and financial activity, including mechanisms for supervising their implementation. The Annual Program shall include at least the following chapters:

- i) Unbundled of accounts.
- ii) Unbundled of management.
- iii) Unbundled of identity and logo.
- iv) Provision of information.
- v) Independence of DSO in decision making.

In order to meet the requirement to ensure that there is no direct or indirect impact on the planning, operation and maintenance of the network, we can say that the Distribution System Operator is making and has made a great progress in implementing the total allocation, while the Administrator is obliged to obtain prior approval from the General Assembly and/or the Management Board before the receipt and/or implementation of any decision related to the specific issues provided for in the Article and statute. The Statute has been amended to reflect the obligation that such approvals by the General Assembly should be made in accordance with the obligation to allocate and based on the DSO Statute stating: "DSO operates independently for the daily operating activity of the distribution system and makes independent decisions regarding the implementation of the development plan network, the construction or reconstruction of distribution lines, the value of the investment, which is within the levels of the financial plans of the distribution system adopted by the values set out in the Statute of the society or the legislation in force".

7. IDENTITY UNBUNDLING AND LOGOS

To ensure that DSO's identity is separated and complies with the law, we have as an obligation to perform the following tasks as soon as possible:

1. The DSO will have an identifiable image (name, logo);
2. The DSO will be based on special environments with its logo;
3. There should be no shared advertisements in offices and work vehicles.

Consultants found that in March 2021 there was still not a full website with the changed logo. As a compliance officer, I have a high priority and obligation to pursue and implement it as soon as possible.

In this case I need to add a few points, which I am implementing in cooperation with the management staff I have requested:

1. New brand and more flexible website;
2. The setting of a new section, which will be called **Notify/Report to the Official** where it will be automatically linked to my email address and will be treated in a confidential way regarding the activity of DSO Company;
3. all offices belonging to the Distribution System Operator will be with the new logo and vehicles that will operate for DSO Company;

I would like to emphasize that all employees of the Distribution System Operator are equipped with specified email addresses DSO.al and will be monitored with more dedication the remainder that will join the DSO staff and procedures at the same time.

8. MAINTAINING CONFIDENTIALITY OF SENSITIVE COMMERCIAL INFORMATION FOR DSO

Confidentiality of the Distribution System Operator Article 74, Law 43/2015:

The distribution system operator shall in any case respect the provisions of the law under Article 74 43/2015 or any other legal obligation for providing information, maintain the confidentiality of sensitive commercial information secured during the exercise of the activity and prevent the discriminatory dissemination of information about its activity in order to create a commercial advantage of another party.

9. IMPLEMENTING THE COMPLIANCE PROGRAM

The provisions of this Program are binding on all DSO directors and employees. The program is binding on authorized representatives of DSO, auditors, consultants, contractors, participants and network users, as well as other third parties.

All DSO management and employees, authorized representatives, auditors, must confirm in writing that they are informed and will implement the Program. They will be informed by the Compliance Officer as soon as possible in case of changes or amendments. For any violation of the program provisions, DSO managers or employees shall immediately inform the Compliance Officer. In case of finding, violation of any provision of the Program may give DSO the right to apply disciplinary procedure in accordance with the applicable legislation.

In this respect I must highlight that I as a Compliance Officer have just done the task of informing the DSO staff to become familiar with the program and that this is a legal obligation to implement all.

I also got written confirmation from employees who are familiar with the program. While I have planned and training on the program and adequate and transparent information for the working people who will join the DSO continuity.

To ensure the full implementation of this Program, the Compliance Officer is obliged to:

- Report on implementation and monitoring of the Program, compliance of internal acts and processes of the company with compliance program;
- Propose measures to improve the Program;
- Update programming;
- Draft of the Annual Report on the Implementation of the Program.

With the approval of this Program by the Energy Regulatory Entity, DSO informs all employees to adhere to the principles set out in the Program.

The Compliance Officer of the Distribution System Operator presents annually to ERE an annual report, which defines the measures taken within the compliance program. The Compliance Officer of the Distribution System Operator is fully independent and has access to all necessary information of the Distribution System Operator and any associated company to fulfill his duty.

10. OFFERING COMMON SERVICES

The common services offered by the Company "OSHEE GROUP", pursuant to the Agreement on The Provision of Services no. 13293 dated 24.12.2020, No. 9825 dated 24.12.2020, with a two-year term extended with the consent of the parties, throughout this period, in accordance with the new licensed facility of the activity OSHEE has signed the service contract with DSO for the following services:

- Human Resource Services
- Legal Services
- Media Services
- Support Services
- IT Services
- Economic Services

Common services are offered on the basis of a clear service delivery agreement which will specify, among other things:

- (i) Description of the service offered;
- (ii) the reasoning as to why this service should be offered by vertically integrated company;
- (iii) the total cost of providing this service;
- (iv) methodology of cost allocation of service delivery. The joint services agreements shall contain clear obligations relating to the relations regulated in them, the time limits in the fulfillment of obligations, the respective financial obligations, etc.

In the conditions where "OSHEE GROUP" enjoys knowledge of skills and extensive experience in the electricity sector it provides services to the company "DSO", in accordance with the agreement with the subject "On The Provision of Services", in accordance with the following provisions:

- Support of OSHEE Group is limited to administrative and support functions. Current decisions, daily operations of DSO, as well as management issues will not be affected.
- Nothing in the Service Delivery Agreement shall be read as the conclusion, direct or indirect, of the decision-making rights or the exercise of the influence of OSHEE GROUP, on DSO.
- Nothing in the Service Provision Agreement should be contrary to the Compliance Program and the principles contained in it, as well as to the allocation requirements as set out in the Law on the Energy Sector, amended, and the Compliance Program.
- In case of doubt/interpretation, service delivery agreements will be read together with the Compliance Programme /Law on the Energy Sector, amended, and in case of any non-compliance the Compliance Programme /Law on the Energy Sector, as amended.

11. IMPLEMENTING PRINCIPLES OF TRANSPARENCY AND IMPARTIALITY

In order to ensure the objectivity, transparency and impartiality in the operational activity of the Company, DSO will be assured for the implementation of the Compliance Program and its internal procedures. Responsible entities within the society will handle with fairness and care any complaints addressed about the company's work by ensuring complete anonymity and also maintaining a database for handling and returning responses.

Management levels and all employees of DSO will prohibit any form of restriction or obstruction of the rights of network users, otherwise they will be subject to disciplinary sanctions, according to the legislation in force, as well as the provisions referred to in the collective labor contract, regarding disciplinary measures.

12. INFORMATION ON NEW CONNECTIONS IN THE DISTRIBUTION SYSTEM DURING 2022

- 1) Total applications registered during 2022 for new and additional power connections by power categorisations are listed as follows:

Power/Type of Application	New link	Additional Power	Grand Total
0-20 KW	17002	1880	18882
20-50 KW	550	570	1120
Over 50 KW	515	640	1155
Grand Total	17927	3230	21157

- 2) Total applications registered during 2022 for new and additional power connections by categorisation of regions and powers are listed as follows:

Region/Power	0-20 kw	20-50 kw	over 50 kw	Grand Total
Regional Directorate of Berat	840	62	74	976
Regional Directorate of Burrel	588	29	34	651
Regional Directorate Durres	3310	181	198	3689
Regional Directorate of Elbasan	1104	32	59	1195
Regional Directorate of Fier	650	24	56	730
Regional Directorate of Gjirokastra	990	62	57	1109
Regional Directorate of Korçe	716	42	53	811
Regional Directorate of Kukës	340	14	10	364
Regional Directorate of Shkodra	1576	89	102	1767

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Regional Directorate - Tirana	7680	515	425	8620
Regional Directorate of Vlora	1088	70	87	1245
Grand Total	18882	1120	1155	21157

Application status	Number of applications
Cases in which the applicant must complete the documentation	2447
Finished	12634
The payment of the subscriber is expected to be made	1448
In process	3580
Rejected	1048
Grand Total	21157

Generation Resource Sector

This sector, in the implementation of law no. 43/2015 "On the Electricity Sector", as amended, Law No. 7/2017 "On promoting the use of energy from renewable sources", THE KMM No. 822/2015, conducts procedures for approvals of connections to the distribution network, new generating sources (preliminary opinions and approvals of the connection point).

Also, referring to Instruction No. 3, dated 20.6.2019 "On the approval of the facilitated authorization procedure for connection to the distribution system of small renewable projects for self-generating electricity from the sun", the generating resource sector follows the procedures for approval of connections to the distribution network of self-reproductive consumers in order to integrate them into the distribution network of DSO.

The Activity of the Generating Resource Sector for 2022 focuses on three main directions, following all other functional tasks covered by the Network Provision Directorate:

1. Integration of self-generating consumers in the network of DSO (based on instruction No. 3, dated 20.6.2019)
2. Provision of preliminary opinions (based on Decision No. 822, dated 7.10.2015)
3. Approvals of the link point of generation resources (based on Law No. 43/2015 amended and Law No. 7/2017)

1. Integration of self-generating customers into DSO network

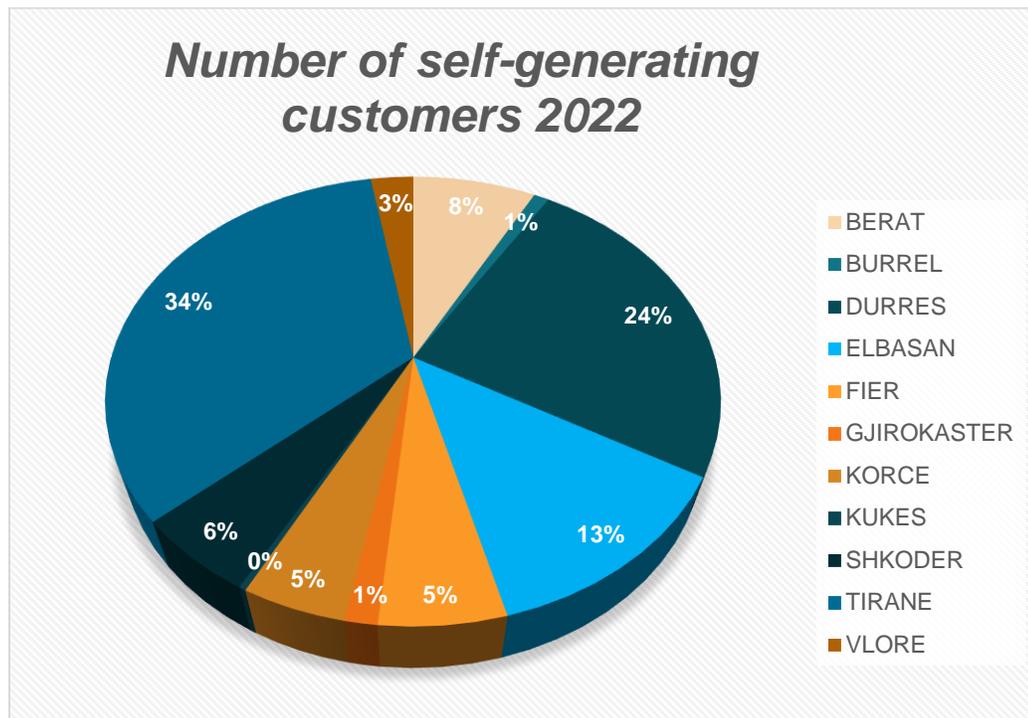
The Albanian government has done much to help passive consumers become active energy producers. This includes facilitating them to connect to the energy network and ensuring that the quality of the energy produced by producers is not limited to the quality of their consumers. This has increased interest in this practice in Albania. The need for less carbon-based energy is turning passive energy consumers into active energy producers. This shift in role is an opportunity not only for a more sustainable energy system with less carbon emissions, but also for a more democratic and inclusive system. On the part of the generation resource sector continues work on the integration of this category of producers into the electricity market. During 2022, there is an increase in the number of customers who have applied for new connection in the quality of self-powered electricity who can install a total capacity of up to 500 kWp, in accordance with Article 15 of the Law no. 15. 7/2017 "On promoting the use of energy from renewable sources".

The main problem related to this category of consumer/producer is the establishment of an online portal, as mentioned in instruction No. 3, dated 20.06.2019, a process that would help speed up the procedures from the time-frame and eliminate the need to present the client to the protocol of the central offices of DSO, bringing ease to the application process.

As of December 2022 there are 627 applicant customers currently having this status, with a total installed capacity of about 60596.26 kWp from this category of manufacturers.

Regional Directorate	Number of Self-Breeders 2022	Installed power (kW)
BERAT	49	5930.58
BURREL	6	394
DURRES	154	16211.58
ELBASAN	79	5137.55
FIER	35	2820.18
GJIROKASTRA	9	745.04
KORCA	29	3744.2
KUKSI	2	15
SHKODRA	35	3209.38
TIRANA	212	21235.55
VLORA	17	1153.2
Total	627	60596.26

Number of self-generating customers and total power installed in KWP connected to the DSO network according to regional directorate, 2022



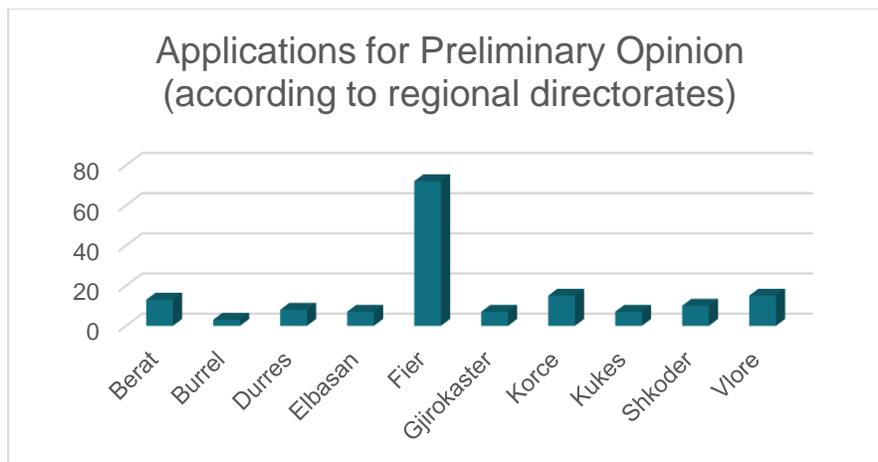
Graph of the total number of self-producing consumers connected in DSO (division in % by regional directories), 2022

2. Giving preliminary opinions

The Generation Resources Sector is responsible for ensuring access to the network and adopting new connections in accordance with the technical and legal rules in accordance with the requirements set out in law No. 43/2015 "On the Electricity Sector", amended, other legal acts in force as well as the Distribution Network Code. The user of the distribution system that wants to connect to the Distribution Network must meet the minimum technical planning and operational criteria, in order to maintain a stable and secure use of the Distribution System. Based on VKM No. 822/2015, Article 10, Paraphysibility Study, which states that the research subject for connection to the distribution network of the new generating source, submits a request to DSO for Preliminary Opinion on its connection to the electricity distribution system. During the annual period 2015-2022, DSO has given 159 Preliminary Opinions (the first phase for obtaining preliminary approval in the Ministry of Infrastructure and Energy) for connectivity to its Network of New Generating Resources.

Regional Directorate	Applications for Preliminary Opinion	Installed power (kW)
Berat	13	59000
Burrel	3	6000
Durres	8	35900
Elbasan	7	53210
Fier	72	172050
Gjirokaster	7	24750
Korce	15	27300
Kukes	7	19800
Shkoder	10	21000
Vlore	15	36801
Total:	159	463811

Preliminary Opinions (division by regional directorate), January 2023



Preliminary Opinions (Graph by Regional Directorate), January 2023

3. Generation Resource Connection Point Approvals

By January 2023, based on the VKM No. 822/2015, the generating resource sector has given 214 approvals for electricity generation sources (174 approvals for EDPs, 37 for photovoltaic parks, 2 for wind and 1 for TEC).

Generator Type	Number of approvals	Generator installed power, kW
Eolik	2	5000
Photovoltaic	37	81996
HEC	174	309530,6
TEC	1	3850
Total:	214	400376,6

Number of approvals awarded by the generation resource sector and total installed power for these approvals, January 2023

Substation	Applications for Preliminary Opinion	Installed power (kW)
Erseke 110/35/10 kV	2	4000
Porto Romano	2	10000
Xhuherine	2	4000
Bajram Curri 110/20/10 kV	1	1800
Bicukas	6	12000
Bilisht 35/10 kV	4	8000
Bunec	1	750
Cerrik 100/35/10 /6 kV	2	28400
Delvine	1	2000
Durres	1	1900
Elbasan 110/35/10 kV	2	12000
Erseke 110/35/10 kV	2	1300
Fier	8	18000
Fushe Kruje 35/6 kV	3	19000
Grapsh 35/20/10 kV	1	2000
Himare	11	29001
Himare 35/10 kV	1	2000

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Hoxhare 35/10 kV	17	35000
Hoxhare 35/10 kV	4	9000
New Hoxhare	30	79000
Karavasta 35/10 kV	2	23000
New Karavasta 35/10 kV	3	6000
Koplik	1	2000
Libofsh	1	2000
Lushnje	2	4000
Maliq	7	14000
Matke 35/10 kV	2	4000
Mertish 35/10 kV	2	12000
Metallurgy 1 35/10 kV	1	10000
Plasmas Bicukas	3	12000
Pocem 35/6 kV	1	7100
Pojan	2	4000
Prrenjas 110/35/6 kV	1	840
Puke	8	16000
Radio 35/10 kV	1	1970
Rreps	1	2000
Saranda 110/20 kV	4	20000
Smokthine 35/10 kV	1	1800
Spitall 110/20 kV	1	3000
Shkozet	1	2000
Tropoje	4	12000
Total	159	463811

Approvals given by the sector of generating resources divided by substations, January 2023

Since the construction of mainly photovoltaic but also wind power plants is seen as a better and economic alternative (thanks to Albania's favorable geographic position) in terms of electricity production, the need arises of a detailed study on the impact that these generating plants bring to the distribution network and this can be mentioned as one of the main problems that belong to the generation sector.

We can also mention the fact that since the focus is shifting towards this form of energy production, there is a need for the development of this sector to be updated on the regulation of new connections for the necessary documentation and procedures to follow for the adoption of the link point of generation sources.

13. TOTAL LOSSES IN THE NETWORK OF ALLOCATION FOR 2022

The Distribution System Operator (DSO) is organized in 11 distribution zones and 42 agencies. The effectiveness of electricity sales continues at increased values, always referring to the determining factors in the level of efficiency of electricity consumption. The total losses reported by the company for 2022 amount to 19.72%, thus marking a decrease in the level of losses compared to 2021. Total level of cash reported by DSO is 98% of the electricity billed.

The Board of EAs with Decision No. 73, dated 13.04.2022, established the approval of electricity distribution service charges by voltage level for the period May 1st to December 31st, 2022, as follows:

Electricity distribution tariff for customers connected at voltage level 35 kV - 1.55 ALL/KWh;

Electricity distribution fee for connected customers at voltage level 0.6 - 20 kV - 3.99 ALL/KWh;

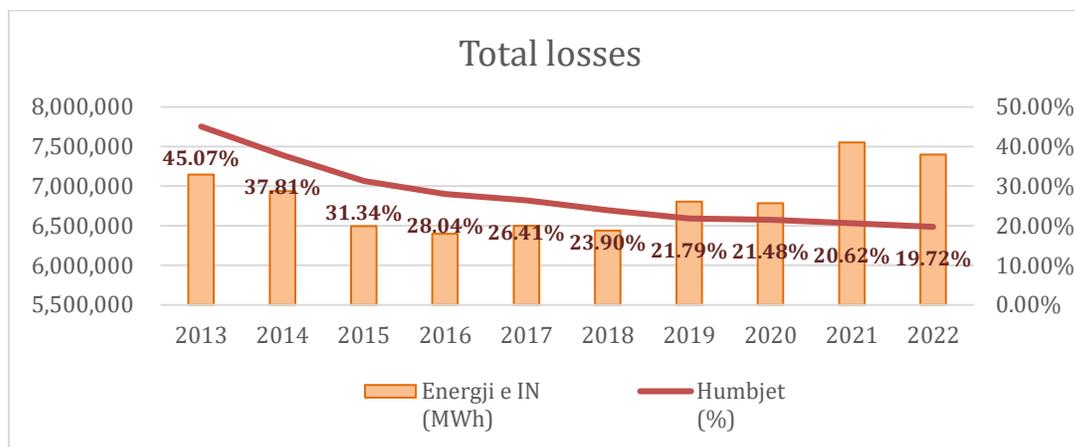
Electricity distribution fee for customers connected at voltage level 0.4 kV - 6.42 ALL/KWh;

Approval of the applicable price for the billing of reactive energy for the period 1 May – 31 December 2022 of ALL 1.92/kVArh.

As for the price, I can say with full confidence that the DSO Society. Sha is in compliance with these prices and operates according to the ERE decision.

Total losses over the years in the distribution network:

Year	Input Energy (MWh)	Output Energy (MWh)	Losses (MWh)	Losses (%)
2013	7,146,571	3,925,920	3,220,651	45.07%
2014	6,935,244	4,313,304	2,621,940	37.81%
2015	6,494,867	4,459,242	2,035,625	31.34%
2016	6,399,716	4,605,263	1,794,454	28.04%
2017	6,498,515	4,781,998	1,716,517	26.41%
2018	6,436,970	4,883,784	1,538,503	23.90%
2019	6,805,811	5,322,850	1,482,962	21.79%
2020	6,785,136	5,327,396	1,457,740	21.48%
2021	7,552,369	5,995,416	1,556,953	20.62%
2022	7,400,399	5,941,143	1,459,257	19.72%



There is a decrease in losses in % year over year. In 2013, losses were reduced by about 1,763 GWh or about -25.3%. In other words, losses have decreased in absolute value (MWh) by nearly 55% which is a great benefit to the prices at which energy purchases are changing in markets.

As outset, there is a decrease in Lost Energy regardless of the circulated energy in the last two years, 2021 and 2022, has marked significant growth over all previous years.

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The following table sets out losses for 2022 in detail according to:

- Regional Directorate;
- Voltage Level TL, TM&TU;
- Self-Consumption in TL;
- Network level.

Distribution regions	Total Losses (January - December) 2022			
	Buying energy	Innation	Losses	Losses %
	MWh	MWh	MWh	
Tirana	2,513,983	2,190,315	323,668	12.87%
Durres	962,399	779,064	183,335	19.05%
Fier	459,322	396,984	62,339	13.57%
Elbasan	490,433	421,253	69,181	14.11%
Korce	381,517	322,805	58,712	15.39%
Gjirokaster	302,383	244,916	57,467	19.00%
Shkoder	706,802	462,956	243,846	34.50%
Berat	439,002	369,817	69,185	15.76%
Kukes	208,935	113,950	94,985	45.46%
Burrel	472,486	342,182	130,305	27.58%
Vlore	364,034	292,548	71,487	19.64%
TM&TU losses	7,301,298	5,936,789	1,364,509	18.69%
Technical losses in TL	94,747	-	94,747	1.28%
Self-consumption of TL	4,354	4,354	-	
Total Losses DSO: Year 2022	7,400,399	5,941,143	1,459,257	19.72%

As evidenced by the table above, the greatest contribution to reducing losses has been given to the reduction in the TM&TU segment (as it circulates over 98% of total energy in the grid).

14. REALIZATION OF SUPPLY INDICATORS

REALIZATION OF SUPPLY INDICATORS FOR THE PERIOD JANUARY-DECEMBER 2022

14.1 IMPLEMENTATION OF INDICATORS IN THE TL/TM/TU NETWORK

On the obligation to implement Decision No. 97, dated 07.04.2021 adopted by the ERE Board on "Approval of Indicators for Standard Quality Criteria Of Supply And Performance Of Electricity Distribution Network Safety" below The Table of Implementation of Quality Indicators for the period January-December 2022 presented in ERE and the implementation of the indicators provided for the period January-December 2021.

Table of Quality Indicators of Supply of The Network January-December 2022

TL+TM+TU Indicators		Realized Values January-December 2022		
Definition	Measuring Unit			
a. Annual Un-Supplied Energy (ENS) MWh	Mwh	52,730		
Frequency Quality		Normal operating limit 49.8 to 50.2Hz		
		System disorders: 48.0 to 52.0Hz		
I. Voltage Quality (VQ)	V	Nominal	Low	High
		230	-30%	+13%
		400	-30%	+13%
		6000	-8%	+8%
		10000	-10%	+12%
		20000	-5%	+5%
		35000	-10%	+10%
		110000	-5%	+5%
f. Time required for new connections				
0-10 kw TU	day	20		
10-20 kw TU	day	20		
21-50 kw TU	day	30		

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51-100 kw TU	day	60		
TM	day	60		
b. Notification period of planned interruptions in the Delivery System	hour	72		
		Total Network Sharing	urban	rural
g. The Average Interoperability Coherence Index (SAIDI)	hour	54.68	16.89	98.83
h. The Average Frequency Index (SAIFI)	number	31.16	12.92	50.72
g. Time required to repair service after a defect in the delivery system		1.85	1.12	2.13
TM 35kV	hour		1.96	2.06
20kV	hour		1.56	1.73
6-10kV	hour		2.32	3.14
0.4 kV	hour		0.95	1.32
Time required to perform the control of the system of measurement with the request of the client	day	5		
Time to respond to complaints related to measuring	day	5		
Time needed to reconnect customers whose electricity has been cut off	hour	48		
Resolve complaints about tension quality.	day	30		
Percentage of Customers Currently with Meters	%	100%		

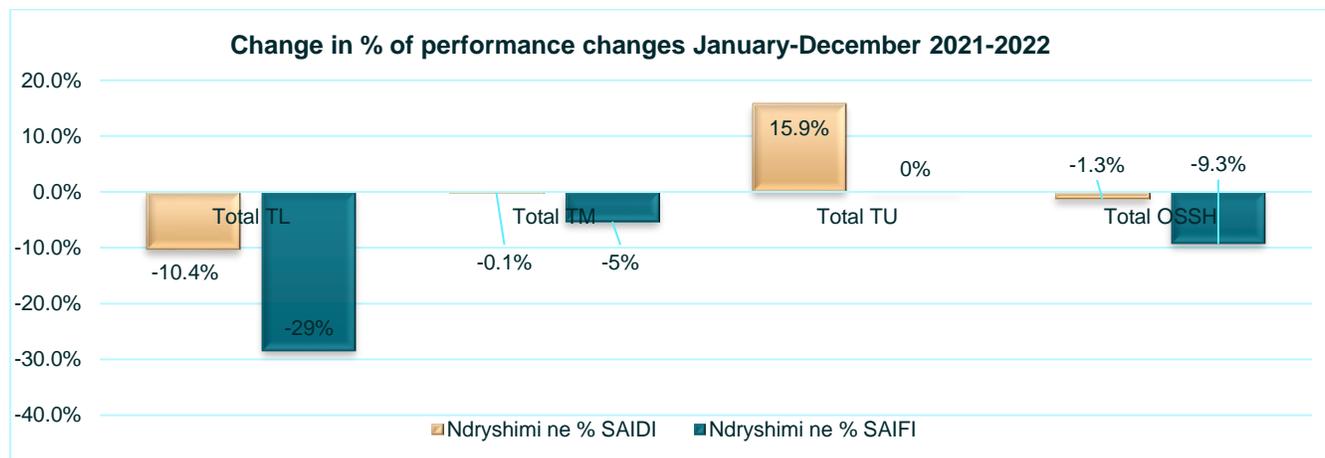
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ANALYSIS OF SUPPLY INDICATORS IN DSO FOR JANUARY - DECEMBER 2022 COMPARED TO JANUARY – DECEMBER 2021

Compare the data table of the implementation of the electricity supply indicators for the period January – December 2022/ January – December 2021

PERIOD: JANUARY -DECEMBER 2021-2022						
Network name	SAIFI		SAIDI		Change in % SAIDI	Change in % SAIFI
	Year 2021	Year 2022	Year 2021	Year 2022		
Total TL	5.45	7.00	10.38	11.46	-10.4%	-29%
Total TM	21.00	22.11	40.92	40.97	-0.1%	-5%
Total TU	2.06	2.06	2.69	2.26	15.9%	0%
Total DSO	28.50	31.16	53.97	54.68	-1.3%	-9.3%



As above, as verified by the analysis conducted, it turns out that the values of the SAIDI/SAIFI Indicators have respectively deteriorated by 1.3% and 9.3%.

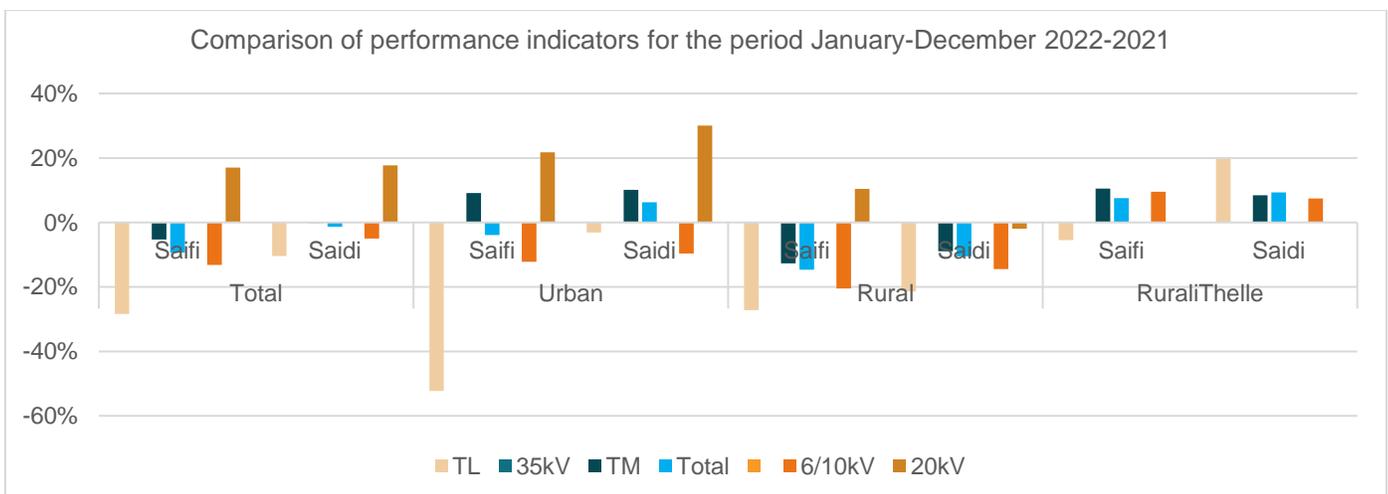
We are presenting the progress of the above indicators for the period 2022-2021, split by category of location and voltage level.

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Janar-Dhjetor2022									Janar-Dhjetor 2021							
	Total		Urban		Rural		Rural I Thelle		Total		Urban		Rural		Rural I Thelle	
	SAIFI 2022	SAIDI	SAIFI	SAIDI	SAIFI	SAIDI	SAIFI	SAIDI	SAIFI 2021	SAIDI	SAIFI	SAIDI	SAIFI	SAIDI	SAIFI	SAIDI
TL	7.00	11.46	3.82	5.40	9.84	17.94	13.02	22.85	5.45	10.38	2.51	5.24	7.73	14.78	12.34	28.44
TM	22.11	40.97	7.94	10.66	34.87	68.13	47.62	112.27	21.00	40.92	8.73	11.85	30.94	62.56	53.22	122.56
Total	31.16	54.68	12.92	16.89	47.75	90.02	63.27	136.06	28.50	53.97	12.43	18.01	41.63	81.42	68.46	150.10
6/10kV	36.50	73.87	15.73	27.67	43.70	89.07	49.43	116.97	32.24	70.37	14.03	25.24	36.28	77.80	54.62	126.41
20kV	6.79	6.99	5.03	4.34	13.07	16.46			8.18	8.50	6.43	6.21	14.60	16.14		
TU	2.06	2.26	1.16	1.40	3.05	3.65	2.64	2.65	2.06	2.69	1.19	1.72	2.52	3.22	2.90	3.28

Comparison of performance indicators for the period January-December2022-2021 (in %)								
	Total		Urban		Rural		RuraliThelle	
	Saifi	Said	Saifi	Said	Saifi	Said	Saifi	Said
TL	-28%	-10%	-52%	-3%	-27%	-21%	-5%	20%
TM	-5%	0%	9%	10%	-13%	-9%	11%	8%
Total	-9%	-1%	-4%	6%	-15%	-11%	8%	9%
6/10kV	-13%	-5%	-12%	-10%	-20%	-14%	9%	7%
20kV	17%	18%	22%	30%	10%	-2%		
Tu	0%	16%	3%	19%	-21%	-13%	9%	19%



The large number of interruptions and their duration in rural areas has been due to unsustainable weather accompanied by relatively strong storms, as well as the continued increase in access to the distribution network of alternative sources, reflected in the deteriorating indicators of quality of supply, which in particular regions, In particular, the northeastern/southeastern ones reach maximum values several times higher than the average realized values, ensuring inequitable quality of electricity supply in these areas.

The power supply of the above mentioned areas is carried out through 6/10 kV air sources, radials without reservation possibilities, with considerable length, amortized due to the long use time.

The extent of these most problematic foils highlighted in the realization of electricity supply indicators is mainly in rural mountainous areas, with lack of road infrastructure, which brings difficulties in identifying problems and affects the duration of defects and breakdowns.

The deterioration of the electricity supply indicators, for 2022, is mostly present at the 6/10 kV voltage level that extends to the rural northeast/southeastern areas of the country.

Meanwhile, it is noted that the 20 kV network, during 2022 has performed better in 2021, with an improvement of 17% in the SAIF indicator and 18% in the SAID indicator, thus underpinning the Company's strategy in expanding the 20 kV distribution network.

As regards the deterioration of the electricity supply indicators in the TL network (N/stations 35/ TM, 35 kV lines), it is worth noting that in the above reasons (the reasons that affect the poor performance of the 6/10 kV network), especially in the northeastern area we have faced frequent interruptions of 110 kV transmission lines.

It is worth noting that during the last 3 years 2019-2022, the financial situation of the Company, due to extraordinary events (earthquake 2019, pandemic), accompanied by the declaration of the state of emergency, has not enabled the making of necessary investments to improve indicators of quality of electricity supply. The interventions in the distribution network have consisted mostly in carrying out the necessary maintenance of the distribution network as well as solving emergency problems.

15. RECOMMENDATIONS OF COMPLIANCE OFFICER

1. Update the official website of DSO and create a new, more flexible brand.
2. Setting up compliance program and annual report on the Web Company.
3. Creating a new section on the DSO Website, which is called Notification/Report of the Official where they will be addressed via email in a confidential way about issues and which may be related to unethical activity including: conflict of interest, leaking sensitive information, discriminatory treatment of users of the system, non-compliance program etc.
4. Training and meetings with staff to make the most efficient progress.

5. Adoption of the new structure under the law in force that will include all sectors in full independence.

16. CONCLUSIONS

Albania has made a long and considerate effort to ensure the division of the dissecting system operator.

In this regard, the Secretariat closes the ECS-4/17 case which was opened on 16.01.2018 to fulfill all the obligations of the Energy Community Treaty and on 18.04.2023 the Secretariat deems exhausted after full disclosure of the provisions of the Electricity Directive regarding the allocation of DSO in National Legislation, the conclusion of legal division and substantial progress in functional division. The last measures that ensured the functioning of the division were the adoption of the compliance program and the appointment of a compliance officer.

It should be noted that in the Annual Report of the Energy Community Secretariat in November 2022, which was conducted in our country, 89% (UNBUNDLING) were realized and with the nurification of the Compliance Officer the operator has fulfilled all legal provisions.

The Compliance Report for 2022 is prepared based on reports and cooperation with relevant Departments and meetings/meetings held by the Administrator.

It should be noted that the submission of requirements set out in the Compliance Program requires close and continuous cooperation with all Departments and Directors in order to identify and prevent timely discriminatory conduct towards participants in the energy sector.

It should be stressed that DSO as well as OSHEE, under the knowledge of the Compliance Officer, is in regular communication with ERE for the fulfillment of legal requirements. The Compliance Officer has been considered coordinating communication with ERE regarding the program where it was conducted and a hearing session in ERE's entries with representatives of DSO, with other competent authorities, mentioning the Coordination Group of Distribution System Operators (ECDSO-E), the Network of Compliance Officers.

At the same time, the Compliance Officer presented for the first time proposals/recommendations for the more correct implementation of the Compliance Program and the DSO regulatory framework, such as

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updating the online page including the Compliance Program, and the immediate implementation of the Information Classification Policy Guide by Program.

Finally, excellent cooperation between the Compliance Officer with all organizational units of DSO and OSHEE as well as staff, directors, members of the Supervisory Council, the relevant structures of MEL, and the ERE Steering Board should be highlighted.