



REPUBLIKA E SHQIPËRISË
ENERGY REGULATOR AUTHORITY
BOARD

DECISION

No. 101, Dated 27.05.2024

ON

**THE APPROVAL OF THE “BACK-UP PROCEDURE FOR ELECTRICITY
MARKET COUPLING OF THE DAY AHEAD BETWEEN ALBANIA AND
KOSOVO”**

Based on articles 16 and 19 letter “e” of Law no. 43/2015 “*On Power Sector*”, as amended; the subpoint 3.5, point 3 of the Electricity Market Model, approved with Council of Minister Decision no. 519, dated 13.07.2016 “*On the approval of the electricity market model*”, as amended; article 3, point 8 of the *Regulation on the requirements and procedures for defining the Nominated Electricity Market Operator (NEMO) as well as the roles and responsibilities of NEMO and the Electricity Transmission System Operator in the market coupling*, approved with ERE Board Decision no. 40, dated 06.03.2020; *Shadow auction regulation in the framework of market coupling between Albania - Kosovo*, approved with ERE Board Decision no. 308, dated 30.10.2023; article 15 of the *Regulation for ERE organization, operation and procedures*, approved with ERE Board Decision no. 96, dated 17.06.2016; as well as the “*Framework agreement on electricity market coupling between Albania and Kosovo*” of date 21.10.2021, signed by ERE, ZRRE, the Albanian Transmission System Operator (TSO company), and the System, Transmission, and Market Operator of Kosovo (KOSTT company); ERE Board on the meeting dated 27.05.2024, after reviewing the report protocol no. 175/5, dated 24.05.2024 prepared by the Technical Directorates “*On approving the distribution methodology of the congestion revenues between Albania and Kosovo and the back-up procedures for electricity market coupling of the day ahead between Albania and Kosovo*”,

Observed that:

- ERE Board, with the proposal of TSO company, approved decision no. 03, dated 22.01.2024, on opening the procedure to approve the Back-up Procedures for Electricity Market Coupling of the Day Ahead between Albania – Kosovo.
- The abovementioned decision is published on ERE website and on the Official Gazette no. 23, dated 07.02.2024, while the draft of the proposed Back – up Procedures is published on Consultation session on ERE website.

- As follows, ERE with the official letter protocol no. 175/2, dated 08.02.2024 informed TSO company, and the Albanian Power Exchange (ALPEX) company, regarding ERE Board Decision no. 3, dated 22.01.2024.
- ERE Board with Decision no. 308, dated 30.10.2023 approved the *Shadow Auction Regulation of the Capacities in the framework of Albania – Kosovo markets coupling*, that is applied as a back-up procedure by SEE CAO.
- On these conditions as defined on Article 6 of the draft Back-up Procedures for Electricity Market Coupling of the Day Ahead between Albania – Kosovo “*if the market coupling process of the day ahead is not able to give feedback, the TSO and KOSTT companies shall initiate the back-up procedure of the day ahead and shall initiate the execution of the shadow auctions on the SEE CAO allocation platform*”.
- The approval of the Back – up Procedures for the Electricity Market Coupling of the Day Ahead between Albania – Kosovo proposed by the TSO, are assessed that it completes the regulatory framework for the day ahead market operation and on the cases where the electricity market coupling process for the day ahead between Albania – Kosovo is not able to give results.

For all of the above mentioned, ERE Board

Decided:

1. To approve the Back-up Procedures for the Electricity Market Coupling of the Day Ahead between Albania – Kosovo. (Attached to this decision)
2. Tariff and Prices Directory shall inform the interested parties regarding ERE Board Decision.

This decision enters immediately into force.

The parties involved on this procedure may require ERE, within seven (7) calendar days from being informed, to review ERE Board Decision if there are provided new evidences that may lead the Board to take a decision different from the previous one or for material errors that are observed. For this decision may be complained on Tirana Administrative Court, within 30 calendar days from the publication day of this decision in the Official Gazette. This decision is published on the Official Gazette.

CHAIRMAN

Petrit AHMETI



BACK-UP PROCEDURE FOR ELECTRICITY MARKET COUPLING OF THE
DAY AHEAD FOR ALBANIA - KOSOVO

Considering that:

1. Between ERE, ZRRE, TSO and KOSTT is signed the framework agreement on 21.10.2021 "On electricity market coupling of Albania and Kosovo" (herein after referring as "**Framework Agreement**").
2. Based on Article 6.2 and article 7.2 of the Framework Agreement the terms, conditions or methodologies and the subsequent agreements shall be based on the principles defined on the Commission Regulation 2015/1222 (EU), dated 24 July 2015, that sets the guidelines on the allocation capacities and the congestion management shall be in a line with the regional incentives and the other practices applicable in Albania and Kosovo as well as compatible with the requirements provided in the framework agreement itself.
3. Based on Article 7.3, (f) subparagraph of the Framework Agreement, the TSO, KOSTT and NEMO of Albania and Kosovo, shall draft a proposal for the back-up procedures to ensure efficient, transparent and non-discriminatory allocation of the capacities if the market coupling process of the day ahead is not able to give feedback.
4. Based on Article 6.4, (f) subparagraph of the Framework Agreement, the Regulators shall above all approve the back-up procedures, proposed from the TSO and KOSTT.
5. Based on Article 6.5 of the Framework Agreement, the Regulators shall take into consideration the requirements of the regional incentives in Energy Community level and shall be consulted, closely cooperate and coordinate with each-other so that they are approved more or less on the same time. Both Regulators, if consider necessary, may agree to develop and sign a specific agreement that requires the organization of common public consultations and ensuring that all the terms, conditions and methodologies provided on Article 6.4 shall be approved with the same identical content.
6. These back-up procedures are a common proposal developed by the TSO and KOSTT as well as the Transmission System Operators, which aim to ensure efficient, transparent and non-discriminatory allocation of the capacities, if the market coupling process of the day ahead between Albanian-Kosovo is not able to give feedback.
7. The back-up procedures consider the provisions regarding the general principles reflected on (EU) Commission Regulation 2015/1222 dated 24 July 2015, on the establishment of a guideline for capacities allocation and congestion management ("**CACM Regulation**")
8. The back-up procedures shall be implemented if the electricity market coupling process for the day ahead between Albania – Kosovo, is not able to give feedback and considers the existing solutions to ensure cost efficiency of implementing the back-up procedures, being that those are harmonized solutions for Albania – Kosovo (AL – KS) border. These procedures to the border contribute and in no way hinder the achievement of objectives and the continuation for the operation of the day ahead organized market and ensure a transparent and non-discriminatory approach to facilitate cross-border capacities allocation in case the day ahead market coupling is not able to give feedback.
9. The proposed term to implement these back-up procedures shall be included and may be found to the Capacities Allocation Rules through the shadow auction procedures, in the framework of respective market coupling between Albania – Kosovo.
10. These back-up procedures for the day ahead market coupling between Albania – Kosovo proposed by the respective TSO-s as required from Article 73 (c) of the Framework Agreement shall be submitted for approval to the respective Authorities, according to Article 6 of the Framework Agreement.

Back-up procedures for electricity day ahead market coupling between Albania – Kosovo

Article 1 Object and scope

1. The back-up procedures as defined here, shall be considered as a common proposal of the AL-KS TSO-s to ensure efficient, transparent and non-discriminatory allocation of the capacities if the market coupling process of the day ahead is not fully or partially able to give feedback, according to the legal acts, by- legal acts, regulations, agreements between TSO-s, NEMOs of Albania and Kosovo.
2. The scope of the back-up procedures shall not handle the definition of the role and responsibilities of the specific parties, and does not try to ensure a governmental framework for specific roles or responsibilities. These aspects shall be defined by AL-KS TSO-s in conformity with the legal and by-legal acts, the regulations and agreements between the TSO-s and NEMOS of Albania and Kosovo.

Article 2 Definitions and interpretation

1. For the purpose of these back-up procedures, the used terms shall have the meaning of the definitions provided on the legal and by-legal acts, and the agreements between the TSO-s and NEMO-s of Albania and Kosovo. Furthermore shall be implemented the definitions as follows: :
 - a) “Shadow auction” shall mean the explicit auction run by the Allocation Platform(s) by which the daily cross zonal capacity is provided as back-up procedure of electricity market coupling of the day ahead between Albania and Kosovo and is allocated to market participants who submit the bids according to Shadow Allocation Rules. Shadow Allocation Rules
 - b) “Allocation platform” shall mean the appointed entity that is authorized by AL-KS TSO-s to act on its or their behalf for cross-zonal capacity allocation through auction shadow;
 - c) “Shadow auction rules” shall mean the rules for the shadow auction that are implemented by the allocation platform and are published on the allocation platform website on their latest version;
 - d) “AL – KS NEMO” shall mean officially defined NEMO in Albania and Kosovo according to the Regulation or respective Decision approved by ERE and ZRRE to define the Nominated Operator for Electricity Market (NEMO), respectively ERE Board Decision no. 40 dated 06.03.2020 “On approving the Regulation of the Requirements and Procedures to Define the Nominated Operator for the Electricity Market (NEMO) as well as the Roles and Responsibilities of NEMO and the Transmission System Operators to the Market Coupling as well as ZRRE Regulation no. 04 of September 2020 “On defining the Nominated Operator of Electricity Market (NEMO to perform the activities regarding the market coupling and the common operation of the market”.
 - e) “Full allocation of markets coupling” shall mean the market coupling situation when the electricity market coupling for the day ahead between Albania – Kosovo can not give feedback affecting both bidding areas within it, leading to the implementation of back-up procedures on each border of the bidding area.

Article 3

Legal basis

These back-up procedures are drafted and approved according to:

1. Law no. 43/2015, dated 30/05/2015 “On Power Sector” as amended;
2. Law no. 05/L -085 dated 21/07/2016, “On Electricity” of Kosovo;
3. The memorandum of Understanding of Western Balkan 6, signed in Vienna on 27 April 2016, on the development of the regional electricity market and the establishment of the framework for other cooperation’s in the future signed between Albania and Kosovo;
4. The Framework Agreement on 21.10.2021, “On electricity market coupling between Albania and Kosovo”;
5. Council of Minister Decision no. 519 on 13.07.2016, “On the approval of the electricity market model, as amended;
6. ERE Board Decision no. 34 on 06.09.2017, “On licensing Transmission System Operator TSO company in electricity transmission system operation activity ”;
7. ERE Board Decision no.247 on 29.09.2022, “On licensing the Albanian Power Exchange -ALPEX company, in electricity market operation activity”;
8. ERE Board Decision no. 347 on 27.12.2022, "On approving the electricity market rules (ALPEX Rules, the definitions, commercial procedures as well as the clearing and settlement procedures);
9. ZRRE Decision no. V _1332_2020, on 10.12.2020, “On approving in principal the request of KOSTT to transfer some of the rights and obligations of KOSTT to ALPEX for the day ahead electricity market and intraday market in the territory of Kosovo”;
11. ERE Board Decision no. 228, on 17.07.2023, and ZRRE Decision_1748_2023, on 17.07.2023 “On defining the Albanian Power Exchange – ALPEX company as the Nominated Electricity Market Operator (NEMO)”

¹ <https://www.seecao.com/>

Article 4

Information by NEMO

1. NEMO of Albania and Kosovo that performs the Market Coupling Operation activity (MCO) shall inform the TSO-s of Albania and Kosovo and the SEECAO, in case of full allocation of market coupling that affects to the AL-KS interconnection; according to the legal and by-legal acts, the regulations and agreements between the TSO-s and NEMO-s of Albania and Kosovo.

Article 5

Request for a common back-up communication system

1. In a normal market coupling session, the TSO and KOSTT shall establish a communication through each other by a main mechanism (respective electronic platform) for the data exchange.
2. The TSO and KOSTT shall establish at least an alternative connection between them through the back-up data exchange mechanism. If there is a problem with the main data exchange mechanism, the distribution of the data shall be with the back-up mechanism of data exchange.
3. Various alternative mechanisms (e-mail address/ phone number) for the exchange of input and output data through TSO and KOSTT, shall be established considering the technical available solutions.
4. Implementing point 1, 2, 3 of this Article, the TSO and KOSTT shall act as follows to define the communication of information of cross-border capacity that shall be available to market coupling:
 - i. When one of the TSO-s is not operational in the electronic platform, shall communicate by email the other TSO that it is not able to generate/send its information of cross-border capacity. The information for cross-border capacity shall be available through market coupling platform, automatically through the electronic platform from the operational TSO with an electronic platform to the NEMO and shall include even the confirmation of the TSO-s, whose electronic platform is not operational.
 - ii. When both TSO-s fail to communicate with the electronic platform as a main mechanism, this communication shall be by e-mail to communicate NEMO the information for available cross-border capacity of market coupling.
 - iii. When, in addition to lack of communication with the electronic platform it occurs that the email communication of one TSO is not operational, shall communicate by phone, immediately, its cross - border capacity to the other TSO (by operational electronic communication e-mail). The information for the cross-border capacity shall be available to the market coupling by mail by the TSO with operational electronic communication to the NEMO and shall include even the confirmation of the TSO that does not have operational electronic communication by e-mail.
5. The confidential data shall be always exchanged in a safe way.

Article 6

The back-up procedure

1. If the market coupling process of the day ahead is not able to give feedback, the TSO and KOSTT shall initiate the day ahead back-up procedures and shall initiate the execution of the shadow auctions on the SEECAO allocation platform.

3. The shadow auctions shall be performed during seven days of the week, including the weekend and the public holidays, according to the shadow auction rules.
4. The auction specifications of such a shadow auction shall be published to the SEECAO allocation platform, in advance, according to the shadow auction Rules.

Article 7
Inability to initiate the back-up procedures (Shadow Auction)

In case of inability to initiate or held the shadow auction procedures, shall be implemented the provisions of the SEECAO Shadow Auction.

Article 8
Implementation date

These procedures shall be implemented after the approval from the Regulatory Entities of Albania and Kosovo.

Article 9
Language

The language of these Procedures shall be the Albanian Language .