

# Update - ROLE OF ERE IN ALBANIA

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## ELECTRICITY SECTOR

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Chairman of ERE



## Who is “ERE” ?

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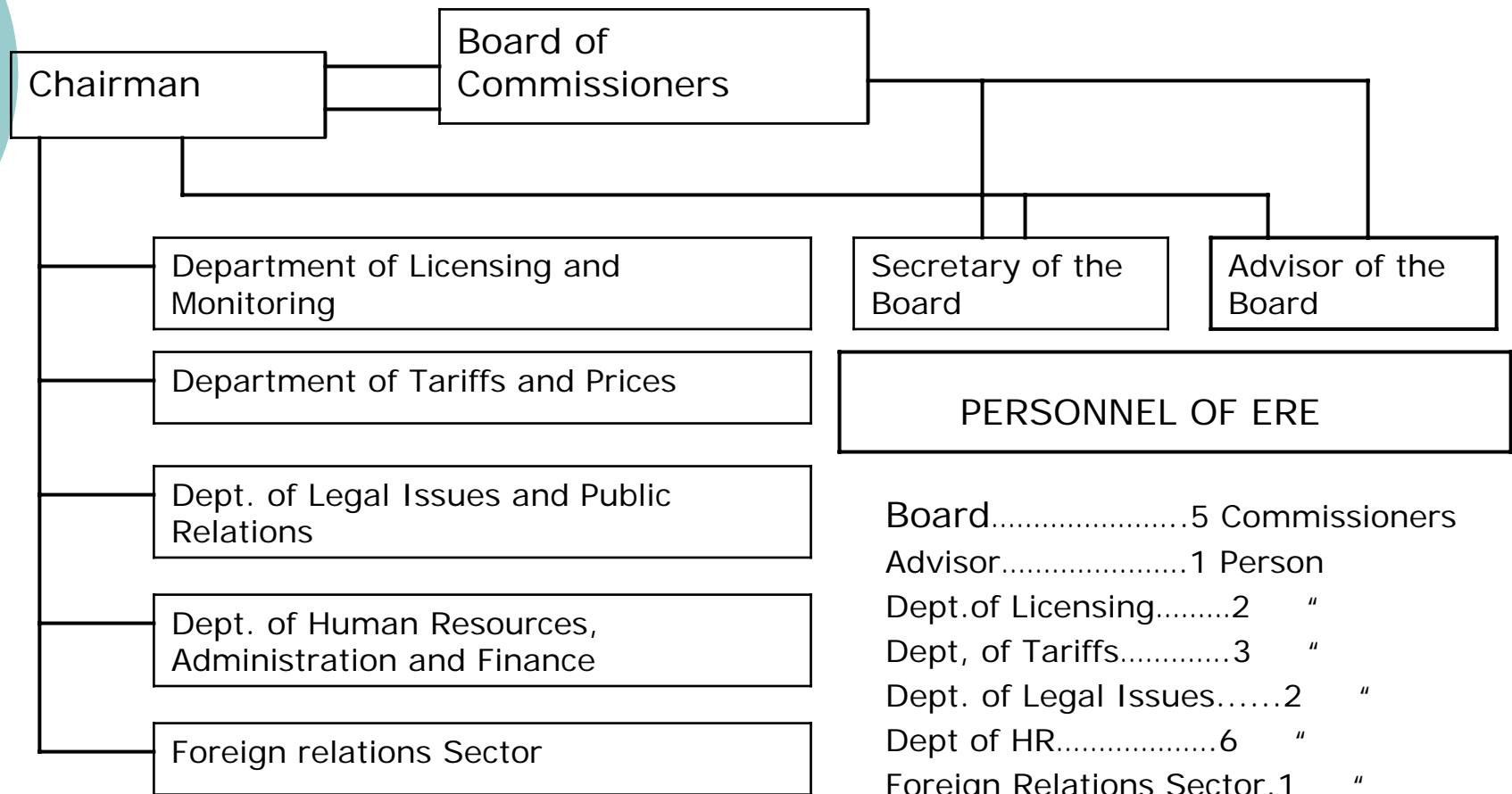
1. ERE is an independent institution in the electricity sector established in 1996.
2. ERE functions based on Law No.9072, “On Power Sector”
3. ERE is an expertise institution of the Albanian State in the electricity sector.

# Why is ERE an independent institution ?

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1. The Decision making body - the Board of Commissioners with 5 members - is appointed by the Albanian Parliament. The Commissioners are protected by Law. Any member of the Board may be dismissed by decision of the Parliament in cases stated in the Law.
2. ERE is not dependent financially from the State Budget. The Budget of ERE comes from the fees from the licensees and regulation fees. The Budget of ERE is approved by the Board.
3. ERE is an independent decision-making body. The Decisions of ERE are based on the Law and are published in the Official Gazette and are appealed only at court.

# Organizational chart of ERE



# Some changes in ERE

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1- Changes in the Board of Commissioners.

Why?

- **The Law Nr. 9512 dated 10.04.2006 "On some amendments and additions to Law No. 9072 dated 22.05.2003 "On Power Sector" has set other criteria for the selection of the Board by the selection team and has changed the scheme.**
- **The criteria consist in the experience in the power sector of the Board starting from the Chairman who should have at least 15 years working experience, out of which not less than 10 years should be in the power sector;**
- **The board member should be 1 engineer, 2 economists and 1 lawyer. Before these amendments, there were appointed by the Parliament 2 engineers, 1 economist and 1 lawyer as Board members.**
- **Due to these amendments, the Chairman of ERE was changed, but also other changes are expected to happen due to the new structure of the Board.**

## Changes in ERE

### 2 - Changes in the technical staff of ERE

**The number of participants in the power sector has increased.**

**Responsibilities and competencies added to ERE in the sector:**

- **The Government has adopted the draft law "On Power Exchange" where ERE is responsible for approving the rules and procedures for exchanges and export of electricity.**
- **With the amendments made to the Power Sector Law, ERE has the responsibility to develop and approve the rules and procedures for granting and revoking the status of Eligible Customers.**
- **Ministry of Economy and Energy has signed an agreement with the Italian Ministry of Productive activities and Ministry of environment that charges ERE with carrying out the procedures of certification of energy from renewable sources and issuing the certificates of guarantee and origin.**
- **In the privatization process of KESH, ERE has the responsibility to review the Market Model and the Market Rules.**



## Changes in ERE (continued)

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- The secondary legislation that helps in enlarging the monitoring sphere of participants has been approved.
- The Law 9584 dated 17.07.2006 "On Salaries, bonuses and structures of independent constitutional institutions and other independent institutions by law" removes the competence of the Board of ERE to set the structure and salaries of the staff of the Regulator. This competence is given to the Parliament.

# The new organizational structure of ERE

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- With Law no. 9584 dated 17.07.2006 " On Salaries, bonuses and structures of independent constitutional institutions and other independent institutions by law" the structure of ERE will be approved by the Parliament of Albania.
- ERE is going to propose to the Parliament for approval the organizational chart that will reflect the new developments in the power sector and structure of ERE based on these principals:
  - Monitoring and Licensing Dept.
  - Tariff and Price Dept.
  - Legal issues Dept.
  - Market Department
  - Finance and Administration Dept.
  - Public Relations Sector
  - Foreign Relations Sector



# Role of ERE as the only licensing Institution in the Electricity Sector

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## **ERE Licenses the activities of:**

- Construction, installment and use of power plants and generation of electricity.
- Transmission of electricity.
- Distribution of electricity.
- Trade of electricity.
- Export of electricity outside of Albania.
- Import of electricity in Albania.
- *Certifies with Certificates of Origin the producers of Green energy (from renewable sources).*



# Role of ERE as the only institution for setting the Tariffs of electricity

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- ERE is the only responsible institution for setting the tariffs for all the licensed activities in the Electricity Sector.
- The Tariffs set by ERE aim at:
  - a. Protecting the customers from monopoly prices
  - b. Providing to the licensees the possibility to cover the cost of service.
  - c. Promoting economical efficiency in the electricity sector.
  - d. Taking into consideration the developing policies of electricity sector.

# The Role of ERE in the Electricity Market

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The Albanian Government has adopted the Transitory Market Model of Electricity proposed by ERE.

- The Market Model is in compliance with the EU Directives and the Energy Community Treaty for South East Europe, signed by Albania as well.
- ERE has the responsibility to regulate the effectiveness of the regulated activities of the market participants based on the rules it has approved according to transparent and non-discriminatory procedures and to promote competition.

# Albanian participants in the Electricity Market

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- The Public Company of Transmission Operator -TSO-
- The Public Generation Company –PGC-
- Small Power Producers –SPPs-
- Independent Power Producers –IPPs-
- External Suppliers –ESs-
- Distribution Division/ Company –DDC-
- Tariff Customers –TC-
- Eligible Customers –EC-



## International Collaboration of ERE

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- ERE collaborates with USAID.
- ERE is a member of ERRRA.
- ERE collaborates with Regulators from EU and respects the EU Directives on Electricity.
- ERE collaborates with NARUC.
- ERE has a partnership with the Indiana Commission in the United States.
- ERE is a member of the regulatory Board in the Energy Community Treaty signed between EU and East European Countries.

# Determinant factors of ERE's role in the Electricity Sector in Albania

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- **Impartiality**

- ERE - balancing factor between the diverse interests of customers and the licensees in the Electricity Market.
- The Board members can not exercise any other activity outside ERE apart from scientific activities.

- **Transparency**

- The Board meetings are open to the public. ERE organizes hearing sessions with the interested parties and the public. The documentations is open for the public's review.

- **Legitimacy**

- ERE decisions are based on the Law and in the evidence given at its disposal. Up to now two of ERE's decisions have been appealed to court and one is actually in process.

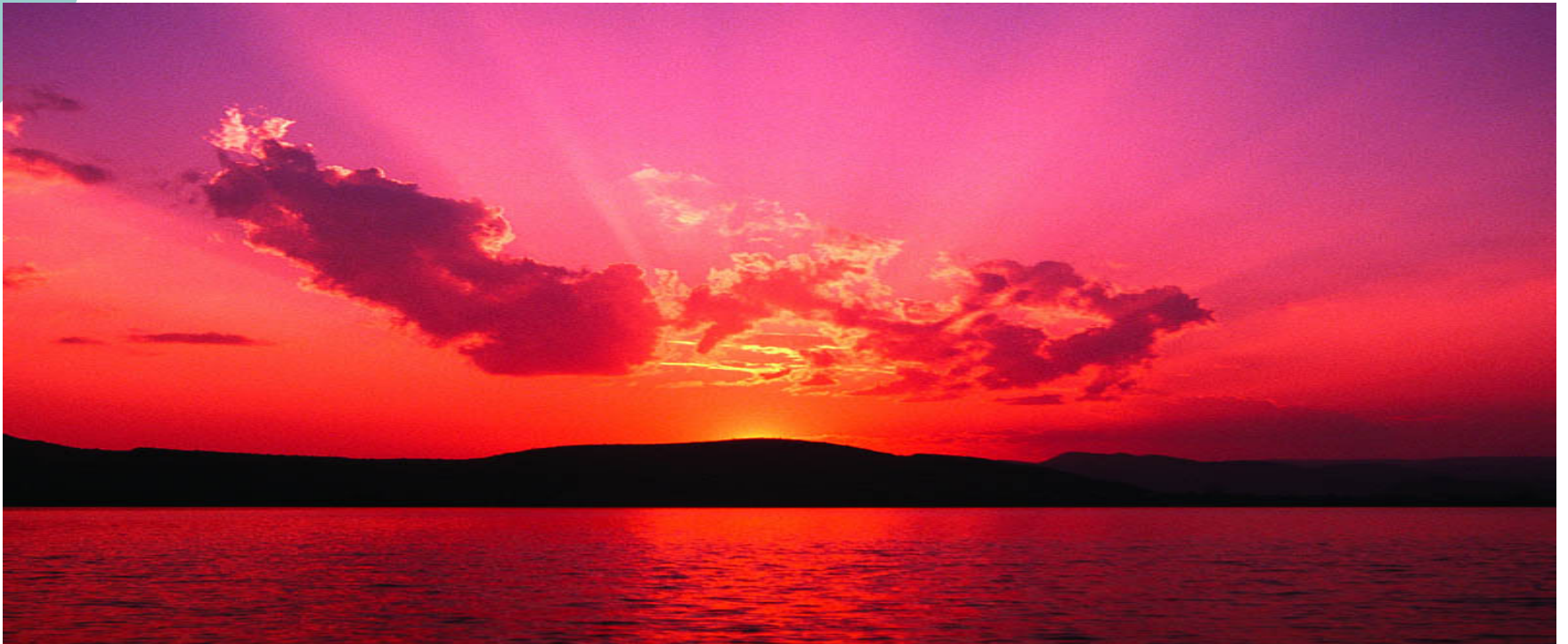
# Main Legal Regulatory Framework approved by ERE

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- Rules of practice and procedure for licensing and standard licenses.
- Market Rules of Electricity
- Grid Codes of Electricity (Transmission, Distribution and Metering)
- Methodologies for calculation of Electricity Tariffs, etc.

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*Thank You for Your Attention!*



5th October 2006,  
Indiana