



POWER IMPORTS, EXCHANGES AND SALES

Adriatik Bego
Commissioner

ERE - IURC
Partnership Activity
September 17-21, 2007

PUBLIC PROCUREMENT



General provisions:

The purchase of power (imports) by the public supplier (KESH) is performed in compliance with Law No. 9643, dated November 20, 2006, “On Public Procurements” and rules on public procurement, approved by the Council of Ministers.

The purpose of this law is to define rules applied for the public procurement of commodities, (power being as such) services and work by contracting authorities.

The purpose of the law is to increase the efficiency and effectiveness of public procurement procedures, to ensure fair and non-discriminating treatment for all economic operators participating in procurement procedures.



PUBLIC PROCUREMENT (cont.)

- The principles for selecting winners are carried out in compliance with principles of non-discrimination, fair treatment of bidders, transparency in procurement procedures, equality in dealing with requests and obligations of bidders.



General Procurement Rules

- The contracting authority (Public supplier – KESH sh.a.) should avoid every criteria, request, or procedure in qualifying economic operators that discriminates against participants or contractors.
- According to the law, all paperwork, announcements, decisions, information, and communication should be available \written format.
- The technical specifications of goods to be procured should be accurate, and create the conditions for impartial and open competition among bidders.
- The contracting authority (Public supplier – KESH sh.a.) should not publicize information obtained by economic operators that is labeled as confidential, especially commercial secrets.



Standard Procedures for Procurement (Imports) of Power

- a) An open procedure
- b) A restricted procedure
- c) Negotiating procedure with or without preliminary announcement of contract notification
- d) A proposal request
- e) Design competition

Taking into consideration these procedures, the contracting authority (Public supplier – Kesh sh.a.) awards the qualified company that offers the lowest price.



Public procurement rules

- Public procurement rules are approved by the Decision of the Council of Ministers No.1 dated 10 January 2007
- They address the following issues:
 - Public procurement organization
 - Responsibilities of the contracting authority (Public supplier - KESH sh.a),
 - Public announcement bulletin
 - General procurement rules
 - Bidding documents
 - Estimates of contract value
 - Goods contracts in particular
 - Types and selection of procurement procedures
 - Implementation of procurement procedures
 - Implementation of the Contract
 - Review for complaints



Problems Emerging In Upholding the Law on Energy Purchases

- Electric power is still not treated as a special commodity, which means that it cannot be subject to the requirements of purchasing another commodity.
- Limited funds estimated from the power quantity to be procured at a ceiling price is determined by the contracting authority (Public supplier - KESH sh.a).
- The relatively long time from publication to the bidding process takes place which, according to the law, is 45 days and in the meantime the electricity price may fluctuate.
- Under specific circumstances such as a failure to implement the contract or poor planning, the public supplier – KESH sh.a., needs to make short term purchases of power.
- Taking into consideration the above problems, work is continuing with the support of the World Bank to establish the legal framework on power procurement that will focus on the framework of contract implementation which will provide the proper flexibility for power procurement.



Rules and Procedures for Power Exchanges

- They are approved by the Decision of the Board of Commissioners No. 100, dated 27 December 2006.
- Article 8 of the amended Law No. 9072, dated 22 May 2003 “On the electric power sector” provides the legal framework for the approval of these rules and procedures.
- The goal is to establish simplified rules and procedures for prompt, competitive, and transparent operations of power exchanges when needed.
- The unpredictable energy situation may deviate from the program for allocated for a year, month, or week in advance, due to surplus or shortage of generation or planned needs for a year.



Rules and Procedures for Power Exchanges

- The need to balance power exchanges and daily exchanges for the purpose of optimization are not subject to these rules.
- Exchange principles are those of transparency and economic efficiency.
- For every exchange, the public supplier – KESH sh.a drafts the request with relevant terms such as:
 - Power quantity in MW/h
 - Daily delivery schedule
 - Delivery duration in days/weeks
 - Exchange period (received/provided)
 - Commercial exchange terms (received/provided)



Rules and Procedures for Power Exchanges

Net power quantity between what is received and what is provided should not be more than 4% of the total annual supply of the forthcoming year.

These rules and procedures also include exchange procedures to be implemented by the Public Supplier – KESH sh.a.

The timeline to implement these procedures is short - KESH determines the deadline for accepting the bids

- Bid evaluation is done no less than 24 hours following submission
- After a bid is submitted, KESH sh.a. will evaluate its effectiveness and determine whether to accept it or not.



Rules and Procedures for Power Exchanges

- The Director General awards the grant no later than 24 hours after receiving the summary report.
- After the decision is made, the Public Supplier, KESH sh.a., will negotiate within 24 hours with the winner to sign the contract.
- The Public supplier, KESH sh.a., will submit in advance to OST, all signed agreements along with monthly, weekly, and daily schedules.



Rules and procedures for power sales

- These rules are being prepared by ERE. Approval of these rules is a requirement of the amended Law No. 9072, dated 22 May 2003 “On the power sector.”
- The purpose is to have simplified rules, procedures, and fast operations for power sales based on a competitive and transparent process that is dependant on the power situation, and to increase economic effectiveness of power sales and purchases as a result of price differences at peak load, day and night, without affecting customers power supplies.



Rules and procedures for power sales

- The sale of power as an economic energy means power sales at the power stock exchange or Spot Power Market to ensure economical purchases of electric power on a daily basis.
- Power sales will occur when there is a surplus in power as a result of power situations that are not envisaged in the annual program by KESH sh.a.
- Power sales will be done as a profitable financial transaction for KESH sh.a., taking into consideration principles of transparency and economic effectiveness, not only for the transaction carried out but for the activity of the Public Company KESH sh.a. as a whole.
- Power quantity sold as economic energy should never affect the interests of tariff customers.



***THANK YOU FOR
YOUR ATTENTION!***