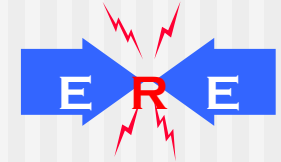


THE DEVELOPMENT OF THE PRIVATE POWER SECTOR IN ALBANIA

**Privatization and retail sale
Legal framework development**

**ELIS SALA
SPECIALIST**

PRIVATE ENTREPRENEURSHIP IN THE POWER SECTOR



The Generation Activity

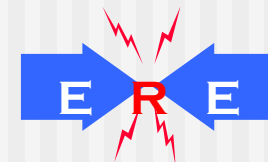
In the context of implementing the law No. 9072, dated 22 May 2004 "About the Power Sector " ERE has licensed several private companies in the generating activity of which:

- 6 concessionaire companies of ROT type
- 8 private companies that have privatized the HEC by the National Privatization Agency (NPA)

The Council of Ministers has also signed two concession agreements of BOO type with two Albanian companies for building three new generating plants under 5 MW capacity.

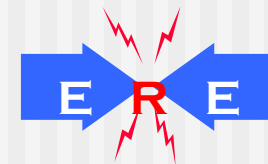
PRIVATE ENTREPRENEURSHIPS IN THE POWER SECTOR

Generating Activity



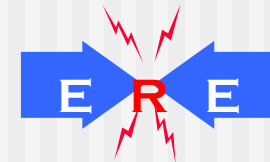
- In total, private companies operate about 46 small power stations with an installed power up to 5 MW.
- The annual generation for 2004 was 41.3 million kWh or 24% more than planned .
- The investment for 2004 amount to 307 million lek compared to estimated 274 million or 12% more.
- The number of the employees of these companies amounts to 223 people.

PRIVATE ENTREPRENEURSHIPS IN THE POWER SECTOR Generating Activity



- ERE has licensed two private Albanian companies in the activity of the Qualified Supplier for the supply of two qualified clients that have won this status.

These companies are also licensed for the power import.

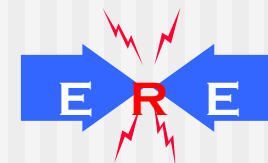


PUBLIC POWER SECTOR

Distribution/Supply Activity

- The distribution activity remains state owned. Currently the only state owned company, APC, organized in 9 distribution zones, performs the power distribution.
- The supply with power is done by the distribution company APC both for the household fee clients and for clients at other tension levels.





PUBLIC POWER SECTOR

Retail sale

- The household consumers account for the main weight in the need for power.
- The consumers have no option to choose the company that offers the power supply service.
- The Company Lahmeyer International has carried out a study on the project for restructuring the power system in Albania.
- It is intended to separate the distribution from the supply and the involvement of the private companies in this service.
- It is foreseen to have one distribution company and several supply companies .

NJESIA GWh

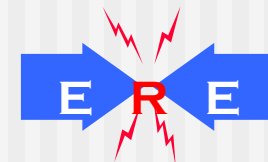
	YEAR 2002	YEAR 2003	YEAR 2004	Year 2005	YEAR 2006
Need for power	6200	6408	6523	6640	6760
Increase in %	--	3.24	1.8	1.8	1.8
Restrictions	851	662	550	340	260
Power provided	5349	5746	5973	6300	6500
Generation	3038	4748	5085	3962	3960
Import	2226	916	800	2250	2450

Partneriteti ndermjet IURC
dhe ERE

17 – 21 Tetor 2005

LEGAL FRAMEWORK DEVELOPMENT IN THE POWER SECTOR

Sub legal Acts

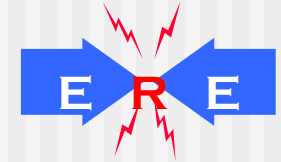


In the context of implementing the law No. 9072 dated 22 May “On the Power Sector” three sub legal acts were drafted lately:

- The license for the power supply.
- The regulations on the general terms and standards of the agreement for purchasing power between a licensee and a power supplier
- The user’s sample contracts of electric power (household and non household).

LEGAL FRAMEWORK DEVELOPMENT IN THE POWER SECTOR

The supply license



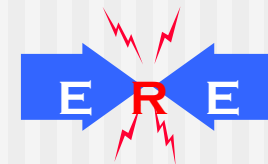
The law No. 9072 dated 22 May 2004 "About the Power Sector" Article 45 the Power Supply Activities

The users' supply with power is done by the relevant distribution companies in the case of mandated fee client and by a qualified competitive supplier, licensed by ERE, in the case of clients with the Status of a Qualified Client.

ERE has compiled the draft licenses for the supply of clients who pay fees and the activity of qualified supplier. These drafts consider all the definitions and obligations deriving from the law about the sector.

LEGAL FRAMEWORK DEVELOPMENT IN THE POWER SECTOR

License for Supply

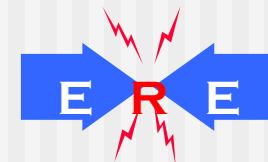


*The law No. 9072 dated 22 May 2004 "About the Power Sector" Article 46
The rights and obligations of the suppliers*

- *The supplier has the following rights and obligations :*
 - a. Applies the terms of the supply license*
 - b. Meets the clients' needs for power in compliance with the terms of the contract*
 - c. Collects the payments in compliance with the contract*
 - d. Purchases the power needed to supply the clients*
 - e. Has the right to enter the network*
 - f. Measures the power supplies and ensures that it is accurate and has the right of access to the power meters*

LEGAL FRAMEWORK DEVELOPMENT IN THE POWER SECTOR

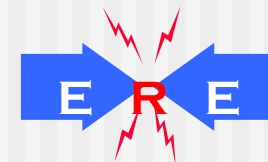
Regulations for purchasing and selling power



- *This regulation determines the general terms and standards to be applied in regard to the agreements for purchasing power achieved between a licensee and a power supplier.*
- *The goal of this regulation is to determine the terms obligatory for every agreement about the power purchasing between a licensee and a supplier, in order to sell it in the territory of the Republic of Albania, in compliance with the standards and parameters determined in the law No. 9072 dated 22 May 2003 "About the power sector" and other sub legal acts approved by ERE.*

LEGAL FRAMEWORK DEVELOPMENT IN THE POWER SECTOR

Regulations for purchasing and selling power

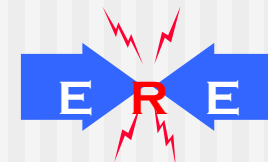


■ *Application*

1. *These regulations apply to all the agreements for purchasing power signed between a licensee and a power supplier.*
2. *These regulations contain all the general terms, conditions and standards that should be included in every agreement for power purchasing signed between a licensee and a supplier, in compliance with the legislation into force. The terms not specifically arranged by these rules , will be arranged by the Law No.7850, dated 29 July 2004 "The civil Code of the Republic of Albania".*
3. *The provisions of this regulation do not apply to the agreements on the purchase of power between a Qualified Supplier and a Qualified Client.*

LEGAL FRAMEWORK DEVELOPMENT IN THE POWER SECTOR

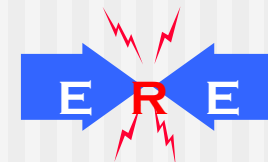
Regulations for power purchasing and selling



- *Avoid of Specific Terms and Conditions .*
 1. *The parties subject to this regulation can avoid, in the agreements for purchasing power signed between them, the application of some of the terms of this regulation on the condition to provide preliminary explanations to ERE for no applying the requested terms.*
 2. *The parties may include other terms and conditions in the power purchase agreement only if these terms do not run counter to the general terms established in the second part of this regulation.*

LEGAL FRAMEWORK DEVELOPMENT IN THE POWER SECTOR

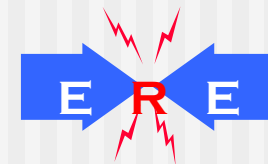
Users' Sample Contract



The target of these contracts is to determine the rights and obligations of the parties (supplier and household and non household consumers) who sign this contract to exercise and receive the power supply service.

The contract is drafted on the following specific articles :

1. The object of the contract
2. General terms for power supply
3. The contract for power supply
4. The price of power
5. The reading of meters and power billing
6. The payment form
7. Complaint for power bill
8. The power supply equipment and meters
9. Power supply cut off
10. Actions in case of power cut offs
11. Joint obligations
12. Settlement of disputes



THANK YOU FOR YOUR
ATTENTION