

**REGULATOR'S ROLE IN CONTROLLING THE INVESTMENTS
OF THE LICENSEES,
DEVELOPMENT OF QUALITY STANDARDS AND INDICATORS
FOR ACTION IMPROVEMENT**

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Distribution System, Extension and Management

- The distribution system includes bus bars/circuit breakers and transformers in the substations 110/35/20/10/6 KW as well as all the other elements of the network of a lower tension than 110 kw under the ownership of the distribution company.
- The components of the distribution power system are:
 - Electric substations
- Distribution lines TM
- Distribution lines TU
- Transformation cabins (Substations TM/TU)

- The distribution system is managed by the Distribution Company that is licensed to undertake activities in the area of power distribution.
- The Distribution Company is part of the Albanian Power Corporation that currently consists of:
 - The Power Generation Company
 - The Power Distribution Company

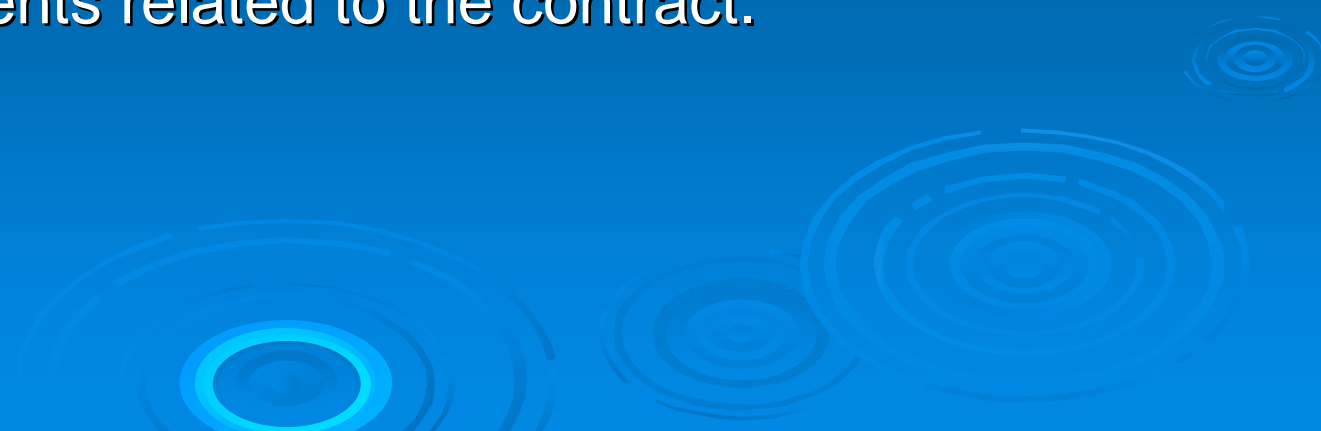
The Distribution Company provides the distribution of power from its network to the areas it covers and in general via:

- The management of the distribution power network
- The maintenance of facilities and equipment in compliance with the technical requirements
- The development and renovation of the distribution network in compliance with the perspective of the economic development and change of the demand in the territory.

The Distribution Company is also licensed for the power supply and as such it guarantees:

- The supply and sale of power to the clients connected to the distribution network, except for the qualified clients

Among the obligations of the supplier defined in the article 46 of the Law No. 9072 dated 22 May 2003 are also :

- To meet the clients' needs for power in compliance with the terms of the contract of the company
 - To measure the power supply guaranteeing the accuracy of measurement and the access to the meters
 - Collect payments related to the contract.
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The operation of the Distribution Network is done in compliance with the legal provisions and specific technical regulations to perform the power distribution service considering:

- The continuous and qualitative supply of the distributed power
- Users' connection to the system
- Scheduled cut offs due to the planned maintenance and repairing work
- Scheduled cut offs because of break downs or different defects
- Solution of users' complaints about the quality of power supply

Investment Estimate in the Distribution System

To ensure a sustainable operation of the distribution system capable to cope with the growing loads and meet the performance standards, huge investments are needed in the distribution network that are estimated based on studies related to:

- The dynamic of changing loads in the previous period of time and estimate the future loads
- The identification of overload points of the power network with low technical indicators
- Requests for new connections
- Interventions to repair the worn out parts of the network or to renovate the technology
- The new urban, tourist, industrial areas, etc.

The development studies are divided in view of the time as follows:

- Long term studies, covering a period over 10 years. These studies focus on defining the main structure of the network TM (sub station TN/TM and line TM. These studies may also focus on decision making about the structure of the network TM or TU or the selection of its tension,
- Mid term studies to define the location of sub stations, TM/TU cabins and to develop the main TM network for the next five to ten years.
- Short term studies to strengthen and expand the TM and TU network for the near coming years

In compliance with the studies carried out following the above criteria the needs are defined for:

- New objects (Substations and lines)
- Strengthening of the existing objects
- Partial or full reconstruction of the existing objects
- Electrical equipment and respective connections for the sustainability of the power system, etc.
- Financial needs and funding resources

The long term development plans are elaborated every year in compliance with :

- The current economic changes
- Development of technology

International experience

- On this basis are prepared:
- Implementation projects
- Investment programs

Regulatory Role to Control the Investments of the Licensees

The development of Quality Standards and Indicators to Improve Actions

In compliance with the law No.9072 dated 22 May 2003,For the power sector” , every licensee is obliged to submit to ERE the investment programs for the following year. ERE studies, analyses :

- **The investment program**
- **Projects to be implemented ,**
- **Deadlines for completion**
- **Internal and external funds**
- **Technical and economic goals of the program**

The goal of ERE is:

- To make sure that the distribution company is making the proper investment, in time and required quality, at the estimated cost in order to meet the terms and obligations of the licensee
- To make sure that the distribution company will provide the consumers with power at fees based on the real cost.
- To determine the way to carry out the monitoring process.

“The Law No. 9072 dated 22 May 2003 on the Power Sector charges ERE with the following responsibilities :

- To monitor and review the activity of the licensee, based on the authority it is entitled with to inspect, review the documentation and records
- To control if the licensee who provides the consumer with power , observes the terms of the contract or provides services in compliance with the standards as defined in the license or any regulations approved by ERE.

Ways applied by ERE to perform monitoring

- For investments
- To provide quality service
- Currently we have applied two ways to monitor the licensees or two monitoring forms :
 - Monitoring through the information system provided by the licensees
 - Monitoring through inspection on the spot

Monitoring through an information system provided by the licensees

In order to carry out the monitoring through information, ERE has established a system of forms, containing requests about :

- The investments in accordance with the approved projects
 - a) Deadlines
 - b) Funding resources (foreign or local costs)
- Fulfill the obligations regarding the quality of the service provided to the consumers and the other market operators
 - a) Power cut off for consumers
 - b) Provide all the consumers with meters

The fulfillment of the main technical and economic targets for power

distribution a) Technical and commercial losses in the distribution network

b) Collection of power bills according to the consumer's category

c) Power retail sales to consumers at prices approved by the ERE

Through this system ERE is informed about :

- Investments carried out in value and according to items
- The wholesale and retail sale (the power bills) according to the category of consumers in quantity and according to the bill
- Money collection or payment of the electric bills for every consumer category
- The complete balance of electricity for the distribution system and the network losses
- Consumers' supply with meters
- Power cut offs for consumers, time and causes for cut offs..

ERE analyses the information obtained and defines :

- The licensee who will monitor
- The main directions of the monitoring program according to the project
- The control in the facility

Order of the main steps when monitoring the facility

In the process of monitoring the facility ERE has requested :

- To observe the deadlines foreseen in the investment program
- The quality of work in compliance with the technical conditions
- To control the monetary values (itemized bill according to the project) with factual monetary values.
- The compliance with the technical parameters foreseen in the project compared to actual achievement
- The impact of the project on the improvement of the qualitative power supply to users.
- The impact of the project in improving the performance indicators of the distribution system
- The compliance with the technical parameters for the power supply defined in the terms of the contract regarding the consumer's supply
- ERE sets long term tasks to improve the situation

Regarding the violations observed according to the law No.9072 dated 22 May 2003 on the Power Sector, when they do not constitute administrative infringement ERE has decided :

- a) To impose a fine on the licensee in compliance with the law
- b) To set deadlines for the tasks intended to improve the situation

The Last Development Drafting and Approval of the Distribution Code

**The Distribution Code is a sub legal act
which contains :**

- A set of technical rules, norms, procedures and requirements for the distribution system as well as for the participants in the power market

The goal of the Code is to ensure a reliable, stable and economic operation of the distribution network by setting targets related to:

- Define the responsibilities and obligations of the Distribution Company and all the network users
- Specify the standards for the power distribution service
- Establish technical requirements for users' connection with the power distribution system
- Identify the requests for the network developments

The performance standards for the distribution system with certain indicators and levels are defined for the first time regarding :

- The constant and qualitative supply with power
- The scheduled cut offs due to break downs and defects
- The scheduled cut offs due to maintenance and repairing of the network
- Solution of users' complaints

The Code includes

The annual performance indicators regarding :

- Number of scheduled cut offs according to tension levels
- Duration of cut offs
- Number of users affected by cut offs
- Number of complaints about the tension
- Number of complaints solved according to the specific and deadline of solution
- Number and types of unsolved obligations

- a) The performance indicators will be reflected in all the evidences that were treated which serve as information for ERE and to launch monitoring.
- b) The performance indicators were reflected in the new power supply contract for household and non household users including in it the obligations to be fulfilled by the supplier.

Thank You For Your Attention

