



UPDATE ON NEW LEGISLATION OF ERE AND PROGRESS IN THE ALBANIAN ENERGY SECTOR

Pjeter DEMMA – Chairman

ERE- Albania

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I. ERE GOES ON WORKING ON COMPILATION AND APPROVAL OF THE SECONDARY LEGISLATION OF ENERGY SECTOR REQUIRED BY LAW

As we have mentioned in the previous meetings, ERE has to compile and approve 29 sublegal acts in the framework of implementation of the Law on Energy Sector. These acts aim at:

- i. The licensees, consumers, investors and other participants in energy sector having no obstacles from the legal viewpoint while exerting their activities and in the relations with each other.**
- i. Reflection of the recommendations and guides of EU for what Albanian government has signed in the treaties, memorandums and other agreements with the European institutions and bodies.**
- ii. Existence of rules approached to those of the other countries of region that are members of a regional market of energy where Albania is gradually integrating into.**



Up to the 6th activity of partnership held in June, ERE had approved 15 sublegal acts and we presented them. From that time to now when we are conducting the 7th activity of partnership, ERE has approved the following sublegal acts:

1. Methodology of calculation of generation rates.
2. Methodology of calculation of rates of electricity distribution.
3. Regulation on methodology of computation of sales rates for the fee customers.
4. The code of functioning of electricity distribution.
5. License of supplying the fee customers with electricity.



6. License of electricity importation.
7. License of supplying the qualified customers with electricity.
8. Regulation on procedures of a license removal.
9. **Thus, we have 23 approved sublegal acts so far or nearly 80% of the secondary legislation ERE has to realize. It's worth mentioning that the following have given a great contribution in approval of these sublegal acts:**
 - **USAID has given a very active contribution in financing the qualified experts that prepared the drafts of the aforesaid acts, and PA consulting company as well.**



- Pierce Atwood company and the foreign experts have closely cooperated with ERE and they have discussed the positive experiences of other countries and introduction of such experiences.
- ERE has also had a serious cooperation with many licensees (public companies APC and OST) but it has also cooperated with other participants in the energy sector in elaboration of this legislation in order to make it fair and sustainable.



To conclude, regarding the approval of the new legislation of ERE we can say that:

- ERE has discussed with USAID and Pierce Atwood the identification of sublegal acts of great priority that should be approved next year.
- ERE is working to start a new process regarding harmonization of the legislation that serves to the energy sector.
- ERE is headed towards the completion of the new secondary legislation in compliance with the law requirements.

Situation in energy sector



II. SITUATION IN ENERGY SECTOR:

Regarding the situation and recent developments in the energy sector, we can say that there occurred no great developments since the time the previous partnership activity occurred. In some aspects, APC has worsened its performance by meeting no targets for the loss and collections because of the long electoral process taking place in Albania and the change in the governing bodies. But, I can mention that:

- a. APC goes on being a public company and the only one meeting the Albanian market's demand for generation, importation, supply and distribution of the electric power.
- b. The Operator of Transmission System (OST sh.a,) established in 01.07.2004, is still affiliated to APC. Its assets are not detached from those of APC and it has no rate of transmission service separated from APC. The problem of debt separation from the credits taken within APC is still unsolved. OST has to be totally independent from APC.

Situation in electric power sector



The minister in charge of the energy in the new government shares the same opinion with APC regarding the independent operation of OST.

- c. OST has submitted to ERE the request for the approval of the new rates of transmission service for 2006 year detached from APC.
- d. The private sector of electricity generation is represented by 13 small private companies so far and they administer 45 small hydropower stations with an installed power of 26MWh. According to the way they got privatized they are classified as follows:

Situation in electric power sector



- ❑ There are 6 private companies government granted the concession on 32 hydropower stations for thirty years.
- ❑ There are seven other companies that have bought in auction 13 hydropower stations from National Privatization Agency.
- ❑ These hydropower stations were previously managed by APC, but by the start of the transition period they got gravely damaged and the aforesaid was a manner for their rehabilitation. They consist less than 1 % of the Albanian energy market.

Situation in electric power sector



- e. Previously, there existed no law to force APC buying electricity from these small hydropower plants.
- f. But, now with the encouragement of ERE, the minister in charge of the energy sector has taken the initiative to forward to Parliament a draft-law that forces APC to buy electricity generated by these domestic sources and by the ones that will be build.
- e. ERE has entered the stage of examination of the APC's application for new prices of electricity for 2006.



THANK YOU FOR YOUR ATTENTION!