

**Republic of Albania**  
**Energy Regulator Authority**

**LICENSE**  
**FOR**  
**ELECTRICITY SUPPLY ACTIVITY**

License Number: Registration Certificate: Series:

Effective Date:

License issued to:

Company:

Respective identification Number of the taxable person (NUIIS):

Public service obligation: \_\_\_\_\_

Effective date:

Duration :

Supplier of last resort: \_

Effective date:

Duration:

Based on the authority granted on Law No. 43/2015 second session Part Five “On Power Sector”, Energy Regulator Authority (“ERE”) grants this License (“License”), to perform electricity supply activity (FEE), and/or the Supplier of last resort and/or to accomplish public/universal service obligation, to the above-mentioned Person, hereinafter “Licensee”, subject to the License Conditions attached and its integral part, as well as the conditions defined in ERE Board of Commissioners Decision.

This License enters into force on the date written above and will continue to be effective until the end of the given period unless withdrawn by ERE in accordance with the License Conditions contained herein, or according to Law no.43/2015 provisions.

**ERE CHAIRMAN**

**Republic of Albania**  
**Energy Regulator Authority**

**LICENSE CONDITIONS**  
**For**  
**ELECTRICITY SUPPLY ACTIVITY**

Series: \_\_\_\_\_

License Number: \_\_\_\_\_

Issued to:

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(Full name of the Licensee)

## 1. General Provisions

1.1 ERE is the only authority in the Republic of Albania, recognized under Law No. 43/2015 Part II “On Power Sector” to issue and declare the effectiveness of this License.

1.2 If any condition of this License becomes void or cancelled or ceases to be effective, this condition shall be deleted from the License and the remaining Conditions of the License shall continue to be fully in force.

1.3 The assets can not be transferred to any other Person without ERE preliminary written approval. Exception from the obligation to take ERE approval for asset transferring are the cases provided in the “Asset transferring Regulation”. When approving a transfer, ERE may amend the License duration or other License Conditions.

1.4. ERE has the exclusive right to amend this license, in case the conditions and circumstances have changed as well as to fulfil Market Regulation, Grid Code, Distribution Code, Metering Code provisions or any secondary laws approved by ERE according to the Legislation in force.

1.5. In this License including the License Conditions and its Annexes, despite when the context requires otherwise, the used terms shall have the meanings according to Law No.43/2015 “On Power Sector”, as follows:

**“Grid Operator”** means the electricity transmission system operator and/or electricity distribution system operator.

**“Person”** means a legal person.

**“Balancing Service”** shall mean the ensurance of the reserve capacity contracted and/or balancing electricity, used from Transmission System Operator to perform the balancing.

**“Associated Business”** means any business which directly or indirectly, fully or partially:

- a) is owned by the Licensee; or
- b) owns the Licensee; or
- c) is owned by a Person, which is owned by the Licensee.

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**“Cross-Subsidies”** Transfer of funds or cost allocation within the Licensee accounts or among Associated Businesses to financially support an activity or business with the costs of the other.

## **2. Performing the Licensed Activity**

2.1 Licensee is authorized by this License to perform Electricity Supply Activity according to the Effective Legislation in the Republic of Albania.

2.2 Licensee shall not impose payments other than those approved by ERE according to the Legislation in force.

2.3 Licensee shall not impede, prevent or attempt to prevent the other licensees, potential representatives or the competitors to engage or enter in the supply business or in other power sector activities in the Republic of Albania;

2.4 Licensee shall not engage in the Cross-Subsidies. If the Licensee is a vertically integrated company in electricity, it shall share its financial accounts according to the generation, transmission and distribution activities within the period required from the Legislation in force to enable ERE to conclude that there are no cross-subsidies, anti-competitive activities or discrimination are occurring.

2.5 Licensee shall not engage in any form of monopoly or anti-competitive activity prohibited by the Legislation in force or the Regulations and Rules approved by ERE and the Competition Authority.

2.6 Within January 31 of each year, the Licensee shall send to ERE the information and a written declaration on performing the activity during the previous year and fulfilling the legal framework on the power sector.

2.7 Licensee shall not collaborate with other persons to damage the licensees or electricity customers interests.

2.8 Licensee shall perform the Licensed Activity in conformity with transparency principles, defined in the legislation in force.

2.9 Licensee that shall be engaged in other activities different from the Licensee Activity shall inform ERE in cases when he aims to:

- a) engage in any other activity except the licensed one; or
- b) establish an Associated Business.

2.10 Licensee may prevent the engagement in any other activity or may set special conditions for establishing any Associated Business necessary to protect the customer's interests. If the Licensee fails to meet the requirements set by ERE, to him may be taken administrative measures according to Law no. 43/2015 "On Power Sector", including the license termination.

2.11 Licensee is authorized to impose payments approved by ERE.

2.12 Licensee is not responsible for not meeting the License Conditions in case of a Force Majeure to that extent that the Force Majeure is the reason for not meeting the License Conditions. In this case, the Licensee, shall immediately inform ERE and other licensees or customers with whom the Licensee has signed an agreement.

### **3. Obligations of the Licensee**

3.1. Licensee is obliged to implement the Legislation in force, all Government Decisions and the Regulations and Rules approved by ERE.

The supplier, pursuant to this law, is obliged to supply the customers with electricity, in conformity with the contract signed, in a secure, reliable and efficient way.

3.2. Supplier is responsible to the Transmission System Operator for any caused imbalance. Despite the cases when the Council of Ministers had decided to exclude from the imbalance responsibility, the end-use Customers are responsible to the supplier for the caused imbalances, according to the secondary laws approved by ERE on balancing rules.

3.3 Supplier, except the general obligations, defined in the contract and in the general Conditions for imposing public service obligation ensured by the market participant charged with public service obligation, informs his customers for:

- a) their right to select and change for free the supplier, after having executed all the previous electricity obligations;

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b) the current electricity consumption and cost to enable the management of electricity consumption by the customers;

c) different ways of payment, which are not discriminatory to the customers.

Prepayment systems, if applied, shall be fair and reflect the expected consumption;

ç) the possibility to use simple procedures to follow their complaints;

d) changing the terms of the contract at least 15 days before their implementation, including the information regarding the customer's right to unilaterally resolve the supply contract, when issuing the notice;

dh) the consumption data, enabling each customer the access to read the metering device and to the metering data, based on a clear and free agreement;

e) their rights, in accordance with the guideline approved by Energy Community.

3.4. Suppliers by electricity consumption invoice and/or promoting materials, clearly inform the customers for:

a) factual electricity consumption

b) the data of any energy source provided by the supplier during the previous year;

c) the integral elements of the price and the respective costs;

c) data on the environmental impact of carbon dioxide and radioactive wastes emitted during electricity generation, provided by the supplier in the previous year.

3.5. Licensee charged according to the law with universal service of supply, shall provide electricity supply with regulated prices by ERE only for the end-use customers supplied according to universal supply service, pursuant to article 83, point 1 of Law no.43/2015 "On Power Sector".

3.6. Licensee appointed according Law as Supplier of last resort is obliged to supply the customers, which remain without supplier, after submitting the written request when:

a) the previous supplier is under conditions of not being able to pay or is in bankruptcy process;

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b) the license of the previous supplier has been removed or is temporarily suspended;

c) the customer did not reach to find a supplier in the market.

3.7. The price, at which the supplier of last resort supplies with electricity, is defined by ERE according to the approved methodology, pursuant to the definitions of articles 21 and 79, point 4 of the Law.

3.8. Licensee shall implement the rules approved by ERE for Switching the supplier on the request of the end-use customer and without additional costs. The actual supplier is obliged to supply the end-use customer.

#### **4. Accounting and Reporting**

4.1. Licensee shall keep accounting records and prepare financial balances, which shall be kept separately for the Licensed Activity and any other activity (including other licensed activities) where the Licensee is engaged, in conformity with the accounting rules and the procedures approved by ERE as well as in conformity with Law 43/2015 “On Power Sector”. The Licensee shall submit at ERE the annual financial balances within March 31 of each year.

4.2. If the Licensee expects an emergency situation as defined from the Legislation in force, the Licensee shall inform ERE without delay and this information shall describe the measures taken by the Licensee to prevent or improve the expected emergency situation effects.

4.3. Licensee shall allocate the common expenses among its Licensed Activity and other types of activities in conformity with ERE Regulations and Rules. The Licensee shall submit at ERE, on his request, on the form and the deadline decided by ERE, the documentation that sets the basis for allocating the common expenses between the activities that will be performed, as well as the obtained results after this allocation.

4.4. Licensee shall inform ERE within 10 days for any change of the:

a) address;

b) licensee status;

c) registration certificate;

d) fiscal code;

e) the main governing bodies; or

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If the Licensee does not make this notification, ERE may impose fines in conformity with Law no.43/2015 “On Power Sector” as well as the Regulation on imposing the fines and the facilitation from them.

4.5. All the official notifications, the applications, petitions, claims or other correspondences with ERE regarding the License should be in the written form and respectively signed by an authorized official or designated legal representative of the Licensee or ERE and shall be send by courier or registered mail requiring a verification of the receipt. The addresses of the Parties should be on the envelope. All the notifications or other correspondences shall be considered effective from the delivery moment or if they are not delivered because of the sender’s fault, from the moment of presentation.

4.6. Licensee shall submit at ERE the Periodical information regarding:

- i. The expenses and (monthly, and in 3 months progression) operative incomes;
- ii. Cash-Flow (monthly and progressive) statement;
- iii. Electricity supplied table (monthly and progressive);
- iv. Any information required from ERE case by case
- v. Number of Customers supplied (monthly and progressive)
- vi. Load graphs
- vii. Metering systems
- viii. Data on the recorded complaints (monthly and progressive), the handling and corrections in the respective invoicing complaining subject.

## **5. Use of Information**

5.1 Licensee shall ensure that the information obtained as the result his Licensed Activity shall not be revealed to anyone except the cases when:

- a) with the prior written consent of the Person to whom the information relates;
- b) the information is public;
- c) when the Licensee is required or permitted to disclose the information to comply with the Conditions of this License according to an ERE order, or any applicable legal provision;

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d) the information shall be disclosed normally performing the Licensed activity.

5.1.1 Licensee shall ensure that any Associated Business shall not use any information of the Licensee to gain unjustified, competitive advantage and shall ensure that it does not disclose the information to any other Person (including other Associated Businesses) that could enable this Person to gain any kind of unjustified commercial advantage.

5.2 Licensee shall undertake any necessary step to protect the confidential information in his ownership and to report ERE in conformity with the Legal obligations.

5.2.1 The information sent to ERE by the Licensee shall be considered public except of the cases when upon a specific request of the Licensee, ERE by decision defines that this information is of ownership nature and its disclosure does not serve to the public interest.

5.2.2 Licensee shall not enter in an agreement which the Licensee knows or shall know that it can lead to the violation of the License Conditions.

5.2.3 Licensee shall respect the Governmental Laws and Decisions of the Albanian Republic as well as ERE Regulations and Rules.

## **6. Regulatory Payments**

6.1 Licensee shall pay to ERE regularly and continuously the regulatory payments during the period of this License as defined by ERE in the regulation for the regulatory payments as defined on article 17 Law 43/2015 “On Power Sector” .

6.2 If the Licensee does not pay these regulatory payments at ERE within the period defined by ERE, the Licensee shall be penalized in accordance with Law No. 43/2015 “On Power Sector”.

## **7. Monitoring the Performance of the Licensed Activity**

7.1. ERE shall monitor the implementation from the Licensee of the Licensing Conditions, shall review the reports send from the Licensee and at any time after

the notification, is authorized to monitor the assets or accounting records and may require a technical and/or accounting audit of the Licensee's activities.

7.2. ERE authorized representatives shall access to the Licensee's premises, equipments and documentations to monitor the Licensed Activity in conformity with ERE Regulations and Rules. The Licensee shall provide any required information or documentation, for ERE necessary during such monitoring.

7.3. Upon the evidenced complaint of any third Person or based on its proposal, ERE may start an investigation for the implementation of the License Conditions or ERE Regulations and Rules, including the review of business practices from the Licensees regarding the Licensed Activity.

7.4. If after the investigation, ERE concludes that the Licensee has not implemented the License Conditions and the legislation in force, ERE may revise the Licensee tariffs charged with Universal Supplier responsibility and/or undertake other measures to the licensee according to this license for protecting the electricity customers interest, by punishing him with a fine up to License removal.

7.5. Licensee shall inform ERE for any violation of these License Conditions and the legislation in force within one week that the Licensee is informed for such violation.

7.6. Licensee shall implement all the orders or decisions issued by ERE, including the full payment of the fines imposed by ERE.

## **8. License Amendment**

8.1. ERE may amend the License Conditions in cases when they do not comply with:

- a) The legislation in force and the Government Decisions of the Republic of Albania which are in conformity with the Legislation in force;
- b) The decisions issued from the First Instance Court in Tirana or any other Court in Albania with jurisdiction competences.

8.2. At any time the Licensee or ERE may propose other amendments for these License Conditions, by transmitting to the other party a written proposal, together with the supporting documents.

8.3 ERE shall take the final decision after taking into consideration the customer's and other licensee's interests. The interested parties shall be informed in a written form for any proposed amendment. If ERE and the Licensee reach to an agreement for these amendments, the License Conditions shall be amended. If the agreement is not reached, the Licensee may appeal to the First Instance Court in Tirana.

8.4 The amendments made in the License Conditions shall be published in the Official Gazette of the Republic of Albania thirty (30) days before they enter into force.

## **9. License Termination**

9.1. ERE may terminate the License in conformity with Law no 43/2015 "On Power Sector" and ERE Regulations and Rules when:

- a) Licensee requires license termination;
- b) Licensee violates the License Conditions;
- c) Licensee violates the Legislation into force;
- d) Licensee is declared bankrupt and is unable to fulfill the License Conditions;
- e) Licensee has obtained the license by defrauding.
- f) when contracting with third parties for the provision of services according to the licensed activity,

9.2. If the Licensee changes his legal status or the shareholder/partner that controls the Licensee's interest is changed without ERE authorisation, the License becomes null (void) or is cancelled and the Licensee's successor shall apply for a new license in conformity with ERE procedures to issue a license.

## **10. Resolving the Disputes and the Right to Appeal**

10.1 Any issue or claim between the Licensee and any Market Participant shall be resolved with as much understanding as possible, in conformity with the Legislation in force and ERE Regulations and Rules.

10.2. If the resolution is not reached with understanding, then ERE on the basis of the request of any Person that is a party in the dispute shall resolve it and issue its decision in conformity with the Legislation in force and ERE Regulations and Rules.

10.3. The Licensee may appeal against ERE decision in the Administrative Court in Tirana.