

GUIDELINE OF ERE TO EVALUATE THE INVESTMENTS MADE BY THE LICENSEES IN THE HYDRO POWER PLANTS WITH INSTALLED CAPACITY UNDER 5 MW AND IN SMOKTHINA HPP

THE AUTHORITY

This Guideline is compiled based on the authority entitled by ERE according to the articles 8, point 2, letter f and article 26 of the Law No. 9072 date 22.05.2003 “On Power Sector”.

LEGAL FRAMEWORK

This Guideline is compiled based on the existing legislation in the investment field and specifically on Law No. 8402 date 10.09.1998 “ On controlling and disciplining of the construction works”, Council of Ministers ordinance No.2 date 8.05.2003, “On classification and cost structure of construction works”, Decision of Council of Ministers no. 444, date 5.09.1994 “On Tariff study, projection and testing of construction acts”, Council of Ministers ordinance no. 3 date 15.02.2001 “ On supervision and testing of construction works”, Law no.8405 date 17.09.1998 “On urbanization”, and in the existing legislation of the taxes.

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I. THE AIM AND APPLICATION FIELD

This Guideline aims at helping the technical personnel of ERE, and the licensees, to get acquitted and to implement the Albanian legislation in force for keeping and documenting step by step the legal documents that verify the investment making the investments in the small hydro power plants (HPP) with installed capacity up to 5 MW and in Smokthina power plant. This Guideline will serve:

- a) During the execution of controls to judge and evaluate the investments reported from the licensees.
- b) To evaluate in reality during the application periods from the licensees, the price of selling the electricity generated from the HPP.

II. DETERMINATIONS OF INVESTMENT STRUCTURE

The investments made from the licensees in the licensed activities are divided in:

- a) New constructions
- b) Reconstructions, extensions and compliance with the existing objects

The investments made in the new constructions, reconstructions and compliances with the existing HPP's, in the structure should have:

- a) Studies and projections, starting from the feasibility study of the construction act
- b) Machineries and equipments (technological and others)
- c) Construction works
- d) Supervision and final testing

III. MAIN STEPS AND RESPONSIBILITIES FOR INVESTMENT MAKING

1) Insurance of projects and bills of quantity

The works for the realization of investments will be realized based on the **implementation projects**, as based on article 5 of the Law No. 8402 date 10.09.1998 "On controlling and disciplining of the construction works", will be drafted from a state projection agency, or from physical or juridical

personas Albanian or foreign with the respective license, based on the contracts established between the parties.

The projector must develop the respective **bills of quantity** (BoQ) that accompany the projects, in order to determine the necessary expenses for the work implementation. BoQ and their calculations, based on argued standards and normatives in function of different projects of construction, electric, mechanic etc. these are considered base documents, by which it is determined the whole value of the investments that will be made. The drafting and the calculations of a BoQ will be made in compliance with the models and rules prescribed in the Council of Ministers ordinance no.2 date 8.05.2003, "On classification and cost structure of construction works".

The respective values of the studies and projects can not be higher than those provided in the decision of Council of Ministers no. 444, date 5.09.1994 "On Tariff study, projection and testing of construction acts". The projector includes as part of the project the development of the list of supply with equipment, machinery, and technological materials together with the technical specifications and quantities.

The projector is responsible for the projects, BoQ and technical specifications. For the projects of construction of the objects in the amount at least 100 milion leks, **it will be made a technical appraisal**, which will be made by organisms determined according to the article 67 of the Law No. 8402, date 10.09.1998 "On controlling and disciplining the construction works"

2) Contracting and delivery for the machineries, equipment and technological materials

Based on the respective lists of supply of equipment, machineries and technological materials and in the respective technical specifications, the investor will contract for their generation and supply. The goods coming from outside will be accordingly accompanied with the documents: Invoice form, Packing List, Certificate of origin. For the equipment and the machineries should have the drawing sets, report tests, manuals and instructions of maintenance and usage. When the purchase is made within the country accompanying document should also be the proforma invoice.

For the equipment and machineries that are taken outside the countries for repairing and brought back in should have the temporary export documents together with the certificates of quality.

3) The implementation of construction works

In **construction works** according to the ordinance of Council of Ministers No.2 date 8.05.2003 “On classification and cost structure of construction works” Chapter I will be understood and evaluated:

- A. The construction works foreseen in the construction projects including reconstructions, extensions and compliances (for HPP refer to point 5 of the above mention ordinance)
- B. Technological and mounting works foreseen in the technological projects and composed of:
 - i. Technological works
 - ii. Mounting works

For the determination of the evaluation of the technological and mounting works refer to letter B in the above mentions ordinance.

The construction works will be carried out by physical or juridical persons, private or public, Albanian or foreign, equipped with the appropriate license according to the types of works that will be carried out. Between the investor and the supervisor of the work will be signed a contract of work implementation, where will be stated the conditions for the implementation of the works conform the implementation projects and respecting the technical conditions, quality of the materials, in compliance with the standards, deadline for the work finalization etc.

4) Supervision and testing of work

The supervision of work is carried based on the ordinance of the Council of Ministers “On supervision and testing of the construction works”, through a person/physical or jurical persons equipped with the appropriate license, outside or within the staff of the investor, in charge to supervise the fact realization of the works in quantity and quality according to the respective conditions of projection, implementation and work contract, and for the approval of the principal documentation, such as:

- **Situation of works, partial proof of the act until the final testing.**

Situation presented from the supervisor in different phases of the works and in the final ones, is controlled and approved from the **supervisor of the works. The situation** is one of the most important documents, that reflects and verifies the fact work done, foreseen in the project BoQ. When the situation is presented with changes from the BoQ (dictated during the implementation project), together with the situation is required also the document of accepting this change from the projector and the investor.

In the end of the work testing, the works supervisor based on the contract and in the whole other documentations **determined the final value of the realized investment.** The entrepreneur is informed about this value and the investor is informed about the final value that must be paid.

IV. THE NECESSARY ACCOMPANYING DOCUMENTATION ACCORDING TO THE PROCEDURES FOR THE REALIZATION OF INVESTMENTS

No.	Documents	Signed
1.	Implementation project <ul style="list-style-type: none"> • The contract investor-projector and the value of project realization • Bills of quantity of the work 	Projector Investor –Projector Projector
2.	The list of supply with equipment, machinery and technological materials together with the technical specifications <ul style="list-style-type: none"> • The supply contracts according respectively • Proforma invoice • Packing List • Certificate of origin • Tax invoice (for purchases in the country) • Export documents (for repairing outside the country) 	Projector Investor-Supplier Supplier/Producer Producer Producer /Customs Supplier/Producer Investitori/ Customes
3.	The contract for work implementation	Investor-Entrepreneur

4.	Contract for supervision of works	Investor-Supervisor
5.	Contract for testing of works according to the respective works	Investor-Tester
6.	Minutes of the testing of works	1. Tester 2. Entrepreneur 3. Supervisor-Projector- Investitor
7.	Situation of final works	Entrepreneur- Supervision
8.	Invoices of liquidation of works (respectively)	Investor

V. FINAL DISPOSITION

Amendments of the Guideline

This Guideline is subject of revision with the decision of the Board of Commissioners.

Enter in Force

This Guideline becomes effective immediately and is published in the Official Journal.