



REPUBLIKA E SHQIPËRISË

**APPROVED WITH ERE BOARD
DECISION NO. 183 OF DATE 20.08.2018
Energy Regulatory Authority**

**LICENCE ON ELECTRICITY
DISTRIBUTION SYSTEM OPERATION ACTIVITY**

Series: _____

License Number :

Effective Date: _____
(ERE Decision, No. _____, dated _____. _____. ____)

License issued to: _____
(Name and address)

NUIS: _____
(Series, Number, Place of
Registration)

Under the authority issued according to Law no. 43/2015 “On Power Sector” as amended article 37 point 2 letter c, the Energy Regulatory Authority (“ERE”) issues this License for electricity distribution system operation activity (“License”), to perform the electricity distribution activity at regulated tariffs, to the above-mentioned legal person, hereinafter “Licensee”, subject to the License Conditions attached to this License. This License becomes effective in the above-mentioned date and shall continue in effect for a 30 years period, until completed or removed by ERE in accordance with the License Conditions contained herein and with legal framework in force.

Chairman

[ERE Seal]

**Republic of Albania
Energy Regulatory Authority**

**LICENSE CONDITIONS FOR THE ELECTRICITY
DISTRIBUTION SYSTEM OPERATION ACTIVITY**

Series: _____

No of the License _____

Issued to: _____

(Full name of the Licensee)

1. General Provisions

- 1.1** ERE is the only authority in the Republic of Albania, recognized under Third Part of the Law No.43/2015 “On the Power Sector ” as amended, to issue and declare the effectiveness of this License.
- 1.2** If any condition of this License ceases to be effective, that condition shall be removed from the License Conditions and the remaining Conditions shall continue to be in force.
- 1.3** This License, shall not be fully/partially transferred, to any other Person without the prior approval of ERE. When approving a transfer, ERE may modify the License period or other License Conditions upon justifying the taken decision.
- 1.4** ERE amend the License in accordance with article 43 of Law no.43/2015 “On Power Sector” as amended, as well as in the following cases:
 - a.** need for guaranteeing national defense and security as well as the public order after taking into consideration the position of the competent state authorities;
 - b.** need to guarantee the stability and uninterrupted electricity supply of the consumers;
 - c.** risk of citizens lives, their health damage, as well as the damage of the environment or of third parties’ property, when there is a risk; When in the license it is made a clear factual/proved mistake; or when the risk does not require the License termination;
 - d.** an amendment in the legal framework regarding the electricity activity including the amendments in the legal framework or the rules applicable for the Licensee, which materially increases the cost of providing the level of service required under this License without measures to liquidate these costs from the Licensee.
- 1.5** Licensee may require a modification of this License, in conformity with article 43 of Law no.43/2015 “On Power Sector” as amended, by submitting a detailed written request which necessarily shall have a justification of the requested modification.
- 1.6** Licensee may file to ERE a written request for renewal of the License not less than 2 months prior to the expiration of the issued License by performing on the same time the application payment, as provided on the regulation.
- 1.7** The license renewal is performed by ERE, based on Law no.43/2015 “On Power Sector”, as amended and the Regulation on the procedures and terms for license issue, modification, transferring, renewal and license removal in power sector, and based on reliable evidences, concludes that:
 - a)** Licensee has fulfilled the License conditions and has compiled to the requirements of all Laws and applicable regulations during the term of the License;
 - b)** The Distribution Network shall operate safely and reliably during the extended term and this shall be in the benefit of the customers or users;
 - c)** In case the Board refuses to renew the License, until its termination, the Licensee:

- i. Only after receiving ERE approval, may transfer the ownership over the assets, used to perform the licensed activity to a third party.
 - ii. Only after receiving ERE approval, may transfer the operation of the Licensee activity/facility to another subject that ERE judges may exercise the licensed activity;
 - iii. In the event that the Licensee does not transfer the ownership of the assets before the termination date of the License and the License revoke may result in risk for the national protection and security, the public order and the uninterrupted electricity supply of the customers, ERE takes the decision to assign a temporary administrator for the company, to which it is removed the license, to ensure the execution of the activity and the operation of its assets.
- 1.8** According to Law no. 43/2015 “On Power Sector”, as amended, it is issued only one License for the operation of the electricity distribution system, with regulated tariffs in the Republic of Albania.
- 1.9** The following words and phrases used in the License, in the License Conditions and at the Annex, shall have the following meaning, or the meaning provided on Law no. 43/2015 “On Power Sector”, as amended:

Ancillary Services	Are the necessary services for the sustainable operation in the distribution system.
Associated Business	Any business which directly or indirectly, in a whole or partially: 1. is owned by the Licensee; or 2. Owns the Licensee; or 3. Is owned by a Person, which is owned by the Licensee.
Law	Shall mean Law no. 43/2015 “On Power Sector” including the occurred changes or that may occur in the future and which as follows shall be used with the abbreviation Power Sector Law.
Payments for Using the Electricity Distribution Network	Payments that the Licensee may impose to use its Distribution Network as may be approved by ERE time after time.
Cross – Subsidies	Transfers of funds or allocations of costs within the accounts of Licensee or among Associated Businesses for financial support of one activity or business at the expense of another.
Distribution	It is electricity transport in the distribution system on high, medium and low voltage to deliver it to its end use customers, not including the supply of the customers.
Distribution Network	It is the complexity of lines, substations, electricity distribution equipments, including the interconnection lines.
End-use customer	Shall mean a customer that purchases electricity only for its own use.

User	Shall mean the natural, legal persons, which supply or are supplied with electricity through the distribution system.
ERE	It is the regulatory authority of power and natural gas sector, which operates in conformity with the power sector law.
Legislation in Force	Laws of the Republic of Albania enacted by the Albanian Parliament as well as the secondary legislation in force during this license period.
Distribution System	shall mean the system of lines, supporting structures, transforming and switching equipments, used to distribute electricity and deliver it to its customers, not including the supply.
License for the operation of the electricity distribution system activity	Shall mean the authorisation issued to a person according to the definitions of Law 43/2015 to transport electricity in the distribution system in high voltage, medium and low voltage to deliver it to the customers, not including the supply.
Licensed Activity	Activities necessary and directly related to, the operation of a Distribution Network for the purpose of supplying electricity to end-use customers. Licensed Activity does not include the activities of the purchase or sale of electricity and capacity, activities that are performed by end-use customers charged with Public service obligation.
Licensee	The Person that holds this License for Electricity Distribution mentioned on the first page of this License.
Person	Person shall mean any legal person established in conformity with the legislation in force
Energy Losses Factor	Estimated electricity losses in the electricity network of a specific voltage expressed in percent of the total amount of electricity delivered into the respective network within the relevant financial period.
Regulated Tariff	A tariff currently in force and approved by ERE pursuant to the Legislation in Force and ERE Regulations and Methodologies.

Regulations and Rules	Standards, codes, regulations, orders and other recommendations legally in force approved by the ERE.
Priority producers	Shall mean the electricity producers from electricity renewable resources, according to the definitions of the Law on energy renewables of electricity.
Transferring	Transferring shall mean any sale, rent or any other form of transferring the rights over the assets or the license in the Licensed Activity.
Distribution System Operator or (DSO)	Shall mean a legal person, responsible for secure, reliable and efficient operation of the distribution network, ensuring the maintenance and the development of the distribution system, dispersed at a given area, and if applicable, its connection to other systems in order to provide long-term capabilities to meet the reasonable demands on the distribution of electricity, respecting the environment and electricity efficiency.
Transmission System Operator (TSO)	Shall mean the legal person, responsible for the operation, maintenance and development of the transmission system including the interconnections with the other cross-border systems, to ensure the longterm ability of the system to fulfill the reasonable requirements of the electricity transmission.
Network operator	Distribution System Operator.
Others	All other terms used in this license and which are not found in the definitions, shall have the meaning provided on Law 43/2015 “On Power Sector”

2 Performing the Licensed Activity

- 2.1** Licensee is authorized by this License to conduct the Licensed Activity. This right is granted exclusively to Licensee.
- 2.2** During the License term, the Licensee has the right to perform all activities reasonably required to accomplish the Licensed Activity, including, but without being limited to the:
 - a)** construction, operation, operation, maintenance, security of sustainable development and availability of the assets as part of the Network to develop the Distribution Network for ensuring the electricity supply of the customers;
 - b)** connection of the customers and users with the Distribution Network;
 - c)** electricity meters installation and service;
 - d)** quality indicators.
- 2.3** The Licensee shall set no charges to customers and users, different from those authorized by ERE.
- 2.4** Licensee shall not cooperate with the other Licensees regarding the Licensed Activity to damage the suppliers or customers and existing or potential users.
- 2.5** The licensee shall allocate its financial accounts within the time period required by Legislation in Force in a way to enable ERE to conclude that no cross- subsidies, anti-competitive activities or discrimination are occurring unless specifically permitted by ERE.
- 2.6** Licensee shall not engage in performing the operations or in any other activity which cause anti-competitiveness according to Legislation in Force.
- 2.7** Licensee shall perform the Licensed Activity in conformity with the economic efficiency principles and the objective of achieving lowest costs at defined quality and performance standards.
- 2.8** Licensee shall not engage in other activities, which prevent or may prevent the proper performance of the Licensed Activity.
- 2.9** Licensee shall inform the ERE before undertaking any activity, other than the Licensed activity. ERE may take the measures regarding the Licensee if he performs any activity prohibited by ERE except the Licensed activity. ERE may prevent the performance of any other activity when the purpose is the protection of person's health or other cases of Force Majeure.
- 2.10** Licensee shall inform ERE for the establishment of any Associated Business. The ERE may prevent or impose conditions on the establishment of the Associated Business, as necessary to protect the Republic of Albania consumers.
- 2.11** Licensee shall not impede, prevent or attempt to prevent other Licensees or potential competitors from legally engaging or enter in the electricity business in the Republic of Albania.

3. Obligations of the Licensee

- 3.1** Licensee shall respect the Legislation in Force during the performance of this License functions.
- 3.2** Licensee shall construct and maintain its Distribution Network at a capacity that is adequate to meet the requirements of all consumers and users of the system within Albania, on transparent, non discriminatory and based on the tariffs approved and published by ERE, including the expansion and improvement of its technical facilities according to the need.
- 3.3** Licensee shall draft and promote policies and programs to achieve a high level of quality and reliability of the Distribution Services in accordance with ERE Rules in conformity even with the 5 year investment plan that shall draft implementing article 75 of Law no. 43/2015 “On Power Sector” as amended.
- 3.4** Licensee shall undertake all the necessary measures to improve the operational and economic efficiency of the Licensed Activity in order to ensure the quality and reliability of distribution services for the benefit of consumers, and in accordance with the Distribution Code.
- 3.5** Licensee shall comply Transmission System Operator Rules approved by ERE and the requirements for submitting the technical information and all the other documentation according to the provisions of the Network Code and the Market Rules. To facilitate the performance of the Licensed Activities, the Licensee when he accesses the importance of the connection assets, in the development of the distribution system, or when these assets serve to more than one customer, has the right to take the ownership of a part or of all the connection constructed by the user, according to the civil legislation, to a full compensation of the costs calculated in conformity with the law and the regulation on new connections.

4. Accounting and Reporting

- 4.1** Licensee shall keep accounting records and prepare financial statements, which shall be kept separately for the Licensed Activity and any other activity where the Licensee is engaged, in accordance with the legislation in force and accounting standards, Power Sector Law and the international financial principles. The Licensee shall submit an audited copy of the financial statements, within 30 June of the next year.
- 4.2** Licensee is required to prepare and submit at ERE by January 31 of each year, an annual report relating to its operations in the previous calendar year and containing the following:
 - a)** a summary and analysis of the Licensee’s distribution activities;
 - b)** the electricity sales and the data for the collection of the invoices for the year;
 - c)** the quality of distribution service and details of any measures taken for the improvement of distribution service in the area;
 - d)** any malfunctioning occurring in the year;
 - e)** any scheduled and unscheduled disconnection of electricity according to voltage level.
 - f)** The losses according to the voltage level

- 4.3** Licensee shall submit at ERE, upon its request and in the form and within the time set by the ERE, any information that is necessary for ERE to perform its authorized regulatory responsibilities.
- 4.4** Licensee shall allocate common expenses among its Licensed Activity and other types of activities (including licensed activities) on a reasonable basis, supporting the provisions of article 72 of the Power Sector Law, to allocate the activity of the electricity distribution operator. Licensee shall submit to ERE, the documentation defining the basis for the allocation of common expenses as well as the results obtained.
- 4.5** Licensee shall notify ERE within 10 days of any change in:
- a)** Address;
 - b)** Statute of the Licensee;
 - c)** Registration certificate;
 - d)** Fiscal code;
 - e)** Governing bodies or Administrators; or
 - f)** Shareholders possessing over 5% of the shares.
- 4.6** All the official notifications, applications, petitions and claims relating to this License shall be in written form, duly executed by an authorized officer or designated representative thereof, of Licensee or ERE, respectively, and be delivered via courier or registered mail, requiring a verification of receipt. The addresses of the Parties shall be on the envelope. All notifications or other correspondence shall be considered effective from the moment of delivery or, if they were not delivered due to the sender's fault, from the moment of presentation.

4.7 Use of Information.

- 4.7.1** According to Power Sector Law, the Transmission Code, the Distribution Code, Market Rules and relevant regulations requirements, the Licensee shall ensure that any information obtained from others as a result of its Licensed Activity shall not be revealed to anyone, except:
- a)** with the prior written consent of the Person to whose issues the information relates;
 - b)** if the information is already known to the public;
 - c)** if Licensee is required or permitted to disclose the information to comply with these License Conditions, any orders of ERE, or any applicable Legislation in Force.
- 4.7.2** Licensee shall ensure that any Associated Business does not use any information in Licensee ownership to gain an unjustified competitive advantage, and shall ensure that it does not disclose any information to any other Person (including those of another Associated Business) that could enable that Person to obtain any kind of unjustified commercial advantage.
- 4.7.3** Upon ERE request, the Licensee undertake any necessary steps to protect the confidential information that he owns and to submit at ERE reports concerning the respect of the obligations.
- 4.7.4** Information provided at ERE by the Licensee shall be considered public unless, upon specific request of Licensee, ERE by decision ensures that certain information is of a proprietary nature and that the public interest served by disclosure would not justify or

compensate the potential commercial damage to the Licensee.

5. Regulatory Fees

5.1 Licensee shall pay regularly and continuously the regulatory fees during the term of this License as determined by ERE in accordance with Article 17 point 4 of Law no. 43/2015 “On Power Sector” and ERE regulations for the regulatory fees.

5.2 If the Licensee does not pay to ERE the regulatory fees within the required period, the Licensee may be penalized according to the provisions defined on Article 107 of the Power Sector Law and the Regulation for imposing and reducing the fines.

6. Fee for using the distribution system

6.1 The Fee for using the Distribution system shall be regulated and approved by ERE, in conformity with the Methodology for Calculating the Distribution Tariff. The Licensee shall require the time after time adjustment/correction of the User Fee to reflect the real cost.

6.2 The total payment of the User shall be determined based on the access and electricity amount Fee registered by the meters installed at the borders between the Distribution Network and the customers connected to the Distribution Network, according to the Metering Code.

6.3 The access Fee, approved by ERE, shall be set according to the Methodology on calculating DSO tariffs taking into consideration the provision of the:

- a)** sufficient revenue to cover reasonable levels of operating costs and realized justified and prudent investments as well as reasonable profits;
- b)** incentives to reduce costs and efficient operation
- c)** reduce of the losses

6.4 Licensee shall submit reports on tariffs according to the requirements of ERE Methodology on calculating the distribution tariffs. The licensee may suggest changes to the cost allocation method used to determine the rates applicable to the distribution network users, and that would enable the Licensee to liquidate the reasonable costs and ensuring a reasonable return to perform these services. The cost allocation methodology and any amendments thereto shall be considered effective only after their approval by ERE.

6.5 Licensee may require reasonable payment security from customers pursuant to its obligations and responsibilities during its Licensed Activity, according to ERE Rules. The security Obligations shall be clearly stated in the contract between Licensee *and its customers or users of the distribution network*.

6.6 Licensee may disconnect a customer for failure to pay the electricity invoices, according to the Rules approved by ERE. The Licensee shall reconnect the customer or user upon taking the confirmation that the Customer has paid these obligation, according to ERE Rules.

6.7 Access to the Distribution Network

- 6.7.1** Licensee shall provide access to the Distribution Network to connect and use Distribution Network assets, for its customers and users on a fair, reasonable and non-discriminatory basis.
 - 6.7.2** The Licensee may refuse the network access, in case of the lack of the necessary capacity. The decision to refuse the network access shall be reasonable, based on objective technical and economic conditions and shall take into consideration public service obligation as well as the obligations to protect the end-use customers, defined by the law. The decision for the refusal of the access is notified to the stakeholder.
 - 6.7.3** Licensee shall not enter in any agreement that may result in a violation of the License Conditions or any provisions of the Distribution Code.
 - 6.7.4** Licensee shall require new distribution network users to pay applicable connection fees. During the performance of the Licensed Activity the Licensee shall handle the distribution network users within the same category or voltage level, in a fair and not discriminatory way in conformity with the legislation in force.
 - 6.7.5** Licensee according to the Distribution Code and other relevant regulations, may suspend its services provided according to this License for any period during which the action or inaction of one or more distribution network users threaten the safety, security, reliability or quality of the Distribution Network operation or services provided to other customers or suppliers, or may prevent/impede the performance of the Licensed Activity from the Licensee or during emergency situations of electricity supply as defined by the Legislation in Force. When the Licensee acts under this point, he shall report and inform ERE within 24 hours.
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- 6.8** A dispute between the Licensee and the user of the distribution network and/or a Licensee involved in a matter within the jurisdiction of ERE that cannot be settled through negotiations between the parties shall be addressed to ERE, to be settled according to the conditions defined in the Regulation for handling the complaints and settling the disputes between the Licensees.
 - 6.9** An ERE decision may be complained within 7 calendar days from the date of being informed from the ERE and within 30 calendar days at Tirana Administrative Court, according to the Legislation in Force, and from the date of publication in the Official Gazette.

7. Electricity Metering and Losses

- 7.1** Licensee shall provide the reading of the meters set at the distribution network.
- 7.2** Licensee shall provide the metering system for the customers and users of the distribution system, including the Suppliers, on non-discriminatory and confidential basis and shall be reasonably compensated for the relevant costs from the Fees of using the distribution system.

7.3 The Licensee:

- a) shall ensure the metering activity and the meter reading service in conformity with the legislation in force;
- b) shall perform the assessment of the electricity amount consumed by the customers about which are not taken the actual meter readings or they are not accurately in conformity with the legislation in force and ERE rules, but the Licensee shall maximally minimize the cases when the assessments are required;
- c) shall define hourly electricity consumption for the End – use customers served by the Suppliers through metering, the assessment of the hourly load consumption or by any other acceptable method;
- d) obtain ERE approval for the methods and procedures used to define and access the electricity consumption.

7.4 Licensee is responsible for the purchase of the energy needed to cover loses in the distribution system.

7.5 Licensee shall prepare a schedule for reducing the losses as decided in the methodology for calculating the distribution tariffs or any other ERE decision.

7.6 Licensee shall cooperate with the Transmission System Operator and provide all information regarding the operation of the Distribution Network required by the TSO. When the meter readings or verification have to be performed by the TSO in conformity with the legislation in force, the Licensee shall facilitate the access to the meter reading access within the location of the distribution company.

8. Program for developing the distribution network

8.1 The Licensee shall prepare and submit at ERE for approval in conformity with the Regulation on the procedures of submitting and approving the investment plan from the electricity transmission and distribution operators, a development program of the network covering not less than 5 (five) years.

8.2 The program shall be focused on the rehabilitation of the Licensee Network to improve the service to the customers. It shall include but not be limited to as follows:

- a) energy efficiency;
- b) management of the request;
- c) development or improve of the distribution system;
- d) information about the financial means provided for the investments in the distribution system.

8.3 The Network Plan shall not unreasonably discriminate between the customers categories. The Licensee shall submit at ERE once in six months, a report showing its activities regarding the Development plan.

8.4 ERE, may hold hearing sessions by the end of which may require amendments in the sistem/network development program, in cases where these amendments are required to ensure the compliance of the obligations according to this License ur këto ndryshime kërkohen për të siguruar plotësimin e detyrimeve sipas kësaj Licence.

9. Monitoring and Controls over the Performance of the Licensed Activity

- 9.1** ERE shall monitor Licensee's compliance with these License Conditions, shall review the reports obtained from Licensee and is entitled to inspect at any time the Licensee's accounting records and may require a technical and/or accounting audit of Licensee's activities.
- 9.2** ERE authorized representatives may access the Licensee's premises, equipment and documents to inspect the Licensed Activity in accordance with ERE Rules. Licensee shall provide any assistance required by the ERE during this inspection.
- 9.3** Upon the confirmed complaint by any third party or on its own initiative, ERE may initiate an investigation of Licensee's compliance with these License Conditions or ERE Rules.
- 9.4** If after the investigation, ERE concludes that the Licensee has failed to comply with License Conditions, ERE may revise the License Fees and / or take other actions within its scope of authority to protect the interests of users and consumers or ensure compliance with the terms and conditions of this License.
- 9.5** Licensee shall inform and explain to ERE of any violation of the License Conditions not later than 7 (seven) calendar days when such violation is observed.
- 9.6** Licensee shall implement the decisions issued by ERE, according to the Legislation in Force.

10. Economic procurement of the assets and the services

- 10.1** The Licensee shall procure the assets and the services from most economic resources taking into consideration the quantity and nature of the assets and the services in conformity with the legislation in force.
- 10.2** The Licensee shall prepare and maintain the asset register.
- 10.3** The Licensee shall not distribute or reduce the activity control over any essential asset, without ERE approval.

11. Network operation and maintenance

- 11.1** Licensee takes the responsibility of the Distribution Network operation to ensure electricity distribution, through a sesucre and reliable network according to the legislation in force:
- a)** using equipment that meet technical conditions, safety rules and standards;
 - b)** using an adequate number of skilled personnel to work for the operation and maintenance of the Distribution Network;
 - c)** fulfilling the national, international and EU standards, approved for implementation in the Republic of Albania and all other technical regulations and standards, approved by the competent bodies.

- 11.2** The Licensee undertakes to perform the rehabilitation and development of the Distribution

Network to improve the Distribution service, in conformity with any programs or plans approved by ERE.

- 11.3** Licensee shall adhere to the Legislation in Force when performing its activity for the design and construction of the Distribution Network.
- 11.4** Equipment purchased by the Licensee, for the purpose of Distribution Network rehabilitation and reconstruction to have better performance specifications than the existing equipment and should be in accordance with EU standards.
- 11.5** In the event of a defect or disconnects, the Licensee shall remedy/repair the Distribution Network within the shortest possible period of time. If the fault for the delay is to the Licensee, he shall bear responsibility before the Distribution Network consumers in accordance with the general conditions of the applicable contracts for the Distribution service.
- 11.6** Licensee shall manage the Distribution Network in such a way to fulfill and follow the instructions of the Transmission System Operator (TSO) and be all time in accordance with the Network Code.
- 11.7** Licensee shall communicate to the TSO without delay all events and changes, including the defects and disconnections that may influence the operation or integrity of the Transmission network and the power system, when the Licensee becomes aware for such events. Licensee shall provide the TSO any required information to implement the rules approved by ERE.
- 11.8** For the operation purposes, the Licensee facilities shall be fitted with technical equipment of telecommunication, remote metering, signalling and defect-precaution control as well of SCADA system. The Licensee shall ensure the required premises, the supply with electricity, air conditioning, technical and operational servicing of equipments. The Licensee shall design, install and provide technical maintenance of the protection relays and automated equipment required for the sustainable operation of the Distribution system according to the Network Codes.

12. Operational control

- 12.1** Licensee shall provide the coordination and control of the Distribution Network and shall perform its functions in compliance with the Network rules, the Legislation in force and TSO instructions.
- 12.2** The Licensee shall issue verbal instructions or written ones for the operating personnel in charge of the Network assets, for the suppliers and the Producers connected directly with the electricity distribution Network. These instructions are obligatory for them. The Licensee instructions along with the TSO instructions shall be registered on an operational register, that shall be kept for at least (6 months) period and shall be available to ERE upon request.
- 12.3** The Licensee shall keep a register and other documentation for its operating work. Licensee management departments shall define the type of the operational documents, the procedures and conditions of preparing them as required by the legislation in force.
- 12.4** The Licensee is obliged to install the reliability and transparency online technologies system in conformity with the development policies of the licensee.

13. Outage and disconnection of electricity supply

13.1 The Licensee may disconnect or restrict electricity distribution, without prior customer notification, according to the instructions of the Transmission System Operator, and on its own decision:

- a) if health and life of people are at risk;
- b) if the Distribution Network integrity is endangered;
- c) when there is the risk for serious damage of the Network or property of other purchasers;
- d) in emergency cases.

13.2 Licensee shall notify the consumers adequately and not later than the term set on ERE secondary legislation about the reason for electricity supply service restriction or disconnection and about the time period of restriction or disconnection.

13.3 Licensee has the right to interrupt the electricity distribution for a reasonable period of time for the purposes of carrying out repairs, operational switching, and setting into operation of the new planned equipment's. In these cases the Licensee shall notify the supplier for the commencement period and the duration of the disconnection at least 7 calendar days before the performance date by an announcement in the media.

13.4 I Licencuari me kërkësë të furnizuesit, ka te drejte ta nderprese furnizimin me energji elektrike , pas njoftimit paraprak me shkrim:

9.2 Licensee on the request of the supplier, has the right to disconnect the electricity supply after prior written notification when:

- a) The customer consumes electricity but does not implements the conditions of the contract;
- b) The consumer has not paid on time the due amounts for the used electricity as required by the contractual conditions for the Distribution services
- c) during a control and after the verification it results that because of the customer's fault:
 - i) the meter is out of order, which caused lack of reading, improper or inaccurate reading and/or inaccurate electricity metering;
 - ii) the connection scheme is damaged, which may lead or has led to the failure of reading, improper or inaccurate reading of the meter;
 - iii) seals, signs or another control device, set by Licensee or any authorized state body, are damaged or destroyed;
- d) the customer:
 - i) has used electricity which is not measured by the meter;
 - ii) has permitted the new electricity customers to be connected without notification and permission from the Licensee;
 - iii) does not provide access to the Licensee personnel to read or control the meter.
- e) At any other situation accessed by the Licensee.

13.5 The term to execute the payment in the written notification shall not be shorter than 7 (seven) calendar days after the date the customer has received the notification. The notification for the payment shall contain the information about the reason of imposing the payment, over the obligatory amounts, the period of time for the obligatory interests and

the payment deadline.

- 13.6** Electricity supply disconnection according to this provision shall be extended until the customer avoid the justification for the disconnection and in this case the service shall be restored not later than 48 hours after avoiding the reason.

14. Quality of service

- 14.1** Licensee shall plan, operate and develop the Network, providing the quality of service in compliance with the Network rules and Distribution Code approved by ERE.
- 14.2** In performing the Licensed activity, the Licensee shall be guided by service quality indicators and the binding investments for the development of the Distribution Network set in the plans approved by ERE.
- 14.3** The Licensee shall submit annually at ERE a report describing its performance regarding the quality service indications which are approved by ERE.

15. Relations with the customers

- 15.1** The Licensee shall draft and ERE approve, the general terms and conditions regulating its relations with the network users and the suppliers.
- 15.2** The Licensee shall make visible the general terms and conditions regulating its relations with the customers in all its offices, shall publish them on the website, and shall give the opportunity to the customers to receive a copy of the document.
- 15.3** Licensee shall publish, put on its website and give to the customers detailed information about the electricity tariffs for different consumer categories.
- 15.4** Licensee shall provide detailed invoices to the customers upon request, and shall keep sufficient documentation to support the invoiced amounts.
- 15.5** Licensee shall establish in the company structure a dedicated unit for relations with customers. The Licensee shall employ a sufficient number of qualified staff.
- 15.6** Within 6 (six) months after the License enters into force, the Licensee shall prepare the rules to handle the complaints of the network users and submit these rules at ERE. These rules shall include at least the following:
- a)** data about the organization of the dedicated unit, including location, working hours, hours for the meetings with the customers, contact telephone numbers, etc.;
 - b)** terms and conditions for connection of the network users with the Distribution Network, applications for investigating the conditions and procedures for connection of consumers to the Distribution Network, the period for the control and the response, refusal procedure, including submission of application forms, etc.;
 - c)** minimum technical requirements for connection of independent generator's facilities, installations and networks of the customers in the Distribution Network;
 - d)** terms and conditions for concluding the contracts for electricity sales on General conditions;
 - e)** terms and conditions for submitting the claims, applications and the proposals;

- f) procedures and terms for the investigation and the response to the registered complaints, applications and proposals.
- 15.7 The processes and rules set according to paragraph f) above, shall be publicly available, including on the Licensee's website, and provided to customers for free upon request.
- 15.8 Licensee shall keep the documentation comprising all the complaints, applications and proposals and the replies for each of them for a 3 (three) years period after the date of receipt or reply, whichever is later.
- 15.9 Licensee shall establish a system for the registration and handling the complaints, applications and the proposals of customers.
- 15.10 Licensee shall consider every complaint and shall reply in writing to the complainant to advise whether his/her complaint is accepted or rejected within 15 working days from its receipt.
- 15.11 In the event that the Licensee does not reply within the indicated period or the reply does not satisfy the complainant, the complaints, applications and proposals may be addressed to ERE. If ERE, after receiving an opinion from Licensee, decides that the specific complaint is justified, it shall give binding instruction to Licensee for application.
- 15.12 Licensee shall submit at ERE a 3-months period report and on its annual report, detailed information concerning:
 - a) total number of the complaints, applications and proposals during the previous calendar year;
 - b) the separation of the complaints, applications and proposals by categories such as failure to complete the applications for services, quality of service, etc.;
 - c) method of settling the complaints, such as: assignment for repair or compensations paid to complainant and reasons for rejection of complaints, etc.

16. Work safety and safe operation of the network

- 16.1 Licensee shall operate, maintain and develop the Distribution Network in such a way that any foreseeable risk for the personnel, customers or other persons is eliminated to the highest possible level in normal operating conditions and in cases of defects.
- 16.2 Licensee shall comply all current technical requirements, regulations and standards regarding:
 - a) operation and maintenance of the Distribution Network, equipment and assets, used to perform the Licensed activity;
 - b) operation and maintenance of the meters; and
 - c) system repairs.
- 16.3 Regarding its performance according to the above paragraph the Licensee shall:
 - a) draft and implement internal manuals for the operation of the Distribution Network and the assets;
 - b) shall employ a number of qualified staff for the operation and maintenance of the Network, the installations, equipments, facilities and meters.
- 16.4 The licensee is obliged to implement the requirements of the legislation in force, for the health and work safety:

17. Emergency situations

17.1 Licensee shall not be considered to have violated the conditions of this License in case it is prevented from fulfilling them by force majeure or other emergency circumstances.

17.2 Under emergency conditions, Licensee shall:

- a)** undertake appropriate action to guarantee the reliability, maintenance and operation of the Distribution Network;
- b)** ensure the necessary cooperation with the responsible authorities and institutions, to act in emergency situations, to resume the electricity distribution within the shortest period of time;
- c)** fulfill its obligations to reduce the risks and losses regarding the life, health, and property of third parties;
- d)** take immediate measures to participate within the shortest period of time possible, in the restoration of the distribution Network which is destroyed or damaged as result of these emergency circumstances;
- e)** Within 24 hours from the event constituting the emergency, the Licensee shall notify ERE for the emergency situation and the undertaken actions to return the system into normal operation.

17.3 If licensee foresees emergency situation as defined by Legislation in Force, the Licensee shall notify ERE within 24 hours and such notification shall describe the steps that the Licensee shall undertake to prevent or improve the affects of the foreseen emergency situation.

18. License termination

18.1 ERE may terminate the License according to the Power Sector Law and the procedures defined on ERE rules when:

- a)** the Licensee requires License termination;
- b)** the Licensee violates the Conditions of this License including the non payment of the tariffs required on the License;
- c)** the Licensee violates the Legislation in Force;
- d)** the Licensee is declared bankrupt and is unable to comply the obligations according to this License Conditions;
- e)** the Licensee has obtained the license by defrauding.
- f)** based on a final court decision;
- g)** has terminated the License term;
- h)** has terminated/ it is merged the legal person holding the License.

18.2 If the Licensee changes his legal status or the main shareholder is changed without ERE approval, the License becomes null (void) and is cancelled and the Licensee's successor shall apply for a new License in conformity with ERE procedures to issue a license.

18.3 The Licensee is obliged to perform the activities specified in the License. If during the performance of the Licensed activity, are evidenced circumstances about which the Licensee in a reasonable way is not able to perform the activities specified in the License, the Licensee shall immediately inform ERE and follow its instructions.

- 18.4** Any transferim of this License without ERE approval shall be canceled and shall constitute a violation of this License.
- 18.5** When the License is removed as consequence of the violations from the Licensee of the License conditions, the Licensee shall respond as defined by ERE, including the costs regarding the regular transferring of the License to a new Licensee.
- 18.6** When ERE defines that the Licensee has violated one or more of the License conditions, the Licensee shall have a reasonable opportunity to correct the violation before the license termination, except when the violation includes the performance of the actions in contradiction with the Law, evidenced from the competent bodies.

19. Settling the Disputes and the Right to Appeal

- 19.1** Any controversial issue or dispute between the Licensee and any distribution system User related to the License Conditions will be settled with understanding between the parties, according to the Legislation in Force and ERE Rules.
- 19.2** If the settlement is not reached with understanding between the parties, then ERE upon the request of any Person that is a party to such dispute, shall settle the dispute and issue its decision according to the Legislation in Force and ERE Rules.
- 19.3** Licensee may appeal ERE decisions according to the legislation in force. After having performed the administrative complaint, the decision may be complained at Tirana Administrative Court within 30 days from the publication of the decisions in the Official Gazette.
- 19.4** Licensee shall implement ERE decisions that are pending of review to First Instance Administrative Court of Tirana, only if this decision is not suspended from the Court.



REPUBLIKA E SHQIPËRISË

**Republic of Albania
Energy Regulatory Authority**

**LICENSE
ON
ELECTRICITY DISTRIBUTION SYSTEM
OPERATION ACTIVITY**

License issued to:

(Full name of the Licensee)

Series: _____

No of the License: _____

Date when this Annex enters into force: _____