

APPROVED WITH ERE BOARD DECISION NO.24 DATED 30.01.2018

Republic of Albania
Energy Regulator Authority

**LICENCE
ON NATURAL GAS TRADING ACTIVITY**

Number of License: _____

Registration Certificate: _____

Series: _____

Effective Date: _____

License issued to: _____

Company: _____

NUIS: _____

Duration: _____

Under the authority issued in the second Session of Law no. 102/2015 “On Natural Gas Sector”, Energy Regulatory Authority (“ERE”) issues this Trading License (“License”), to perform the natural gas trading activity, to the above-mentioned Person, hereinafter “Licensee”, subject to the License Conditions attached to this License as well as the conditions defined on ERE Board Decision. This License becomes effective in the above mentioned date and shall continue in effect for a ____years period, if not terminated or suspended by ERE in accordance with the License Conditions contained herein.

[Chairman]

[ERE Seal]

**REPUBLIC OF ALBANIA
ENERGY REGULATOR AUTHORITY**

**LICENSE CONDITIONS
ON
NATURAL GAS TRADING LICENSE**

License Number: _____

Issued: _____

(Full name of the Licensee)

**Article 1
General Provisions**

1. ERE is the only Authority in the Republic of Albania, according to Law no. 102/2015 “On Natural Gas Sector” that issues and declares the effectiveness of this License.
 2. If any condition of this License ceases to be effective, this condition shall be removed from the License Conditions and the remaining Conditions shall continue to be effective.
 3. This License, shall not be fully/partially transferred to any other Person, without the written prior approval of ERE. When approving a transfer, ERE may modify the License Period or any other Condition of the License indicating the reason for taking the decision.
 4. ERE amends the License in conformity with article 28 of Law no. 102/2015 “On Natural Gas Sector”, and the provisions of the Regulation on the procedures and terms for license issue, modification, transferring, or license removal on natural gas sector”, in the following cases,
 - a) with ERE initiative,
 - b) according to a final court decision
 - c) when are amended the conditions, for which it is issued the license,
 - d) on the request of the licensee.
 5. The Licensee may require a modification of this License by a written detailed request as well as the supporting documentation, in conformity with the
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Regulation on the procedures and terms of license issue, modification, transferring, or license removal on natural gas sector.

6. The Licensee may submit at ERE a written request for the License renewal not later than 3 months before the termination of the issued License.

Definitions and terms defined on:

- Law no. 102/2015, “*On Natural Gas Sector*”;
- “Regulation on the procedures and terms on license issue, modification, transferring or license removal on natural gas sector”, approved with ERE Board decision no. 97 dated 04.07.2017;
- “Regulation on the procedures of license removal in power and natural gas sectors”, approved with ERE Board Decision no. 58 dated 18.04.2017;
- “Regulation on ERE organization, operation and procedures”, approved with ERE Board Decision no. 96 dated 17.06.2016,
- Regulations and Rules belonging to Natural Gas Sector (the Legislation in force),

are included on the License for any purpose.

The other words and phrases, used in this License and in the License Conditions, not included in the above mentioned laws and regulations, shall have the meaning as follows:

a) “Associated Business” shall mean any business which:

- Directly or indirectly, fully or partially, is owned by the Licensee; or
- Has ownership rights over the Licensee; or
- Is in the ownership of a Person, which is owned by the Licensee.

b) “Cross-subsidies” shall mean the transfer of funds or the allocation of the costs among the Licensee accounts, or accounts of Associated Businesses for the financial support of an activity or business, transferring the costs to another activity or business.

c) “Licensed Activity” shall mean the activities directly connected and necessary for the trading activity and the inter-operability with other transmission systems, in conformity with the effective Regulations and Rules.

d) “Licensee” as used in this document, shall mean a Person mentioned on the first page of the License, which owns the permission issued by ERE to perform the Licensed Activity.

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- e) **“Licensing Procedures for Natural Gas Sector”** shall mean the procedure defined in the “Regulation on the procedures and terms for license issue, modification, transferring or license removal in natural gas sector”, approved with ERE Board decision no.97 dated 04.07.2017
- f) **“Rules and Regulations”**, shall mean the standards, codes, rules, regulations, methodologies and any decision or effective secondary legislation, approved by ERE or other legislative authorities.
- g) **“Commercial Sensitive Information”** shall mean the data regarding the business or the commercial nature data owned by the Licensee during the process of exercising the Licensed Activity, which shall be confidential.
- h) **“Commercial Advantage Information”** shall mean the information connected with the activity of the Licensee himself, which shall be kept confidential and shall not be given which shall be kept confidential and shall not be issued or be discredited to others in a discriminatory way.
- i) **“Force Majeure”** means a natural or social act or event occurred in the country as earthquakes, lightning, cyclones, floods, volcanic eruptions, fires or wars, armed conflict, insurrection, terrorist or military action, which prevent the licensee from performing its obligations under the license or other acts or events that are beyond the reasonable control and not arising out of the fault of the licensee, and the licensee has been unable to overcome such act or event by the exercise of due diligence and reasonable efforts, skill and care;
- j) **“Operation”** shall mean the set into operation and usage within the commercial meaning of natural gas system infrastructure in compliance with the conditions defined in the respective license issued by ERE.
- k) **“Regulatory Payment”**, it is a yearly payment that the licensed companies in the gas sector pay to ERE for covering the costs of its regulatory activities, based in a methodology approved by ERE.
- l) **“Gas Trader”** means a company that performs gas trade activities, as a market activity, licensed for exercising this activity.
- m) **“Gas trade”** shall mean the purchase and sale of natural gas, excluding the sale of it to the final customers.
- n) **“Primary market”**, is the sale-purchase market of the capacities directly from TSO or by the LNG storage System Operator.
- o) **“Secondary market”** means the market where capacities are traded except capacities marketable on the primary market.
- p) **“Trade”** is the wholesale purchase and sale of natural gas
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q) **“Transmission system operator (TSO)”** means a legal person who carries out the function of transmission and is responsible for operating, maintenance, and, if necessary, developing the transmission system in a given area and, where applicable, its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the transmission of gas;

Article 2

Performing the Licensed Activity

1. The Licensee is authorized by this License to perform the Licensed Activity.
2. The Licensee shall not cooperate in any way with other Licensees connected with Licensed Activity in the damage of the traders, suppliers, or customers and current/possible users.
3. The licensee shall not engage in performing the activity that constitutes anticompetitive behaviour according to the Legislation into Force.
4. The Licensee shall not engage in other activities, which impede or may impede the proper performance of the Licensed Activity. The Licensee shall inform ERE before undertaking any activity, other than the Licensed Activity.
5. The Licensee shall not impede, prevent, or attempt to prevent other Licensees or potential competitors to lawfully engage or enter in the natural gas business in the Republic of Albania.
6. All agreements of natural gas sale-purchase shall be in conformity with the legislation in force to the period required by the last ones mentioned.
7. All agreements shall be subject to ERE monitoring to ensure the appropriate functioning of the market and that the licensees does not exercise influence over the market following unfair practices that conflict with the Legislation for Competition.

Article 3

Licensee Obligations

1. The Licensee shall respect the Legislation in Force during performing his functions under this License.
 2. The licensee shall undertake the necessary measures to guarantee the technical and financial ability to perform the licensed activity.
 3. The licensee shall be registered as a participant of the Albanian natural gas market at the Natural Gas Market Operator under the registration procedures and shall implement the legislation in force and ERE decisions.
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4. The Licensee shall undertake all the necessary measures to improve operative and economic efficiency of the Licensed Activity to ensure the quality and stability of the provided services from him in the benefit of the customers and natural gas sector.
5. The Licensee shall comply all the Transmission System Operator Rules approved by ERE, including the implementation of all operative orders, the guidelines and the submission of the technical information and all the other documentation according to the requirements of the Natural Gas Transmission Grid Code and Natural Gas Market Rules.

Article 4
Accounting and Reporting

1. The Licensee shall keep accounting records and prepare the financial statements in conformity with the legislation in force and the international accounting standards. The Licensee shall submit at ERE the annual financial statements together with the audit reports within March 31 of each year. The licensee shall keep special financial accounts for other natural gas activities which shall be consolidated, keeping separate accounts even for the activities provided on this Law.
 2. The Licensee is required to prepare and submit at ERE on January 31 of each year, an annual report regarding its operation during the previous calendar year, which contains as follows:
 - a) a summary and analysis of the operation in the licensed activity,
 - b) the amount of the traded natural gas, as well as the natural gas sale/purchase price,
 - c) any interruption of the activity and a description of the interruption reason,
 - d) a summary and analysis of the contracts for natural gas sale/purchase in force and those during the reporting year,
 3. The Licensee shall submit at ERE on his request and according to the form and within the period defined by ERE, any necessary information for ERE to perform its authorized regulatory responsibilities:
 4. The Licensee shall make available to ERE, the ministry, the Competition Authority and other responsible authorities the respective data, for a period of at least, 5 years, regarding the transactions, in natural gas trading agreements and its derivatives, with wholesale customers, the TSO, storage system operators, and LNG system.
 5. These data are available even for Energy Community Secretariat for the same period.
 6. The data shall include details for the respective characteristics of the transactions, such as the duration, the bid rules and those for settling the disputes, the quantities, dates, execution time of the contract, transaction prices, identification
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- means for the included wholesale customers, as well as other details for all the unpaid contracts.
7. ERE can make available to the market participants certain data, declared by the licensee, on the condition that the commercial sensitive information shall not be published.
 8. The Licensee shall inform ERE within 10 days for any change of the:
 - a) Address;
 - b) Licensee Statute;
 - c) Registration certificate;
 - d) NUIS;
 - e) Senior management;
 9. All the official notifications, applications, petitions, declarations or other correspondences with ERE regarding the obligations under this License should be in a written form, appointing respectively an authorized officer or other representative of the Licensee or of ERE. These are sent by courier or registered mail, by requiring a verification receipt. The addresses of the Parties should be on the envelope. All the notifications and other correspondences shall be considered effective from the delivery moment, or if they are not delivered due to the sender's fault, from the moment when they are presented. There will be considered accepted all the notifications sent by e-mail communicated before from the parties.

Article 5

Use of Information

1. According to the Law, Transmission, Distribution Code, Natural Gas Market Rules and the respective regulatory requirements, the Licensee shall ensure that any information obtained from the others as a result of his Licensed Activity shall not be revealed to anyone, except:
 - a) with the preliminary written consent of the Person to whose issues the information is related;
 - b) when the information is already known to the public;
 - c) when the Licensee is required or permitted to disclose the information to comply with this License Conditions, any order of ERE and the Legislation in Force.
 2. Upon ERE request, the Licensee shall undertake any necessary step to protect the confidential information that he owns and shall submit at ERE reports regarding the respect of obligations stipulated on article 7.
 3. The information provided to ERE by the Licensee shall be considered public unless upon specific request of the Licensee, ERE by formal decision ensures that this information is in the proprietary nature and that the public interest of which is served by its disclosure shall not justify or compensate the potential commercial damage to the Licensee.
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Article 6
Regulatory fees

1. The Licensee shall pay the regulatory fees defined by ERE during the term of this License in conformity with article 14 of Law 102/2015 “On Natural Gas Sector”.
2. If the Licensee does not pay to ERE the regulatory fees within the deadline required by ERE, the Licensee shall be fined according to article 106, of Law 102/2015 “On Natural Gas Sector”.

Article 7
Control on the Performance of the Licensed Activity

1. ERE shall monitor the implementation from the Licensee of the License Conditions, shall review the reports obtained by the Licensee and is authorized to inspect at any time the Licensee’s accounting registers and may require a technical and/or accounting audit of the Licensee’s activities.
2. ERE authorized representatives may enter in the Licensee premises, equipments, and documents to inspect the Licensed Activity according to ERE Regulations. The Licensee shall provide any required action, necessary for ERE during this inspection.
3. Upon the confirmed complaint of any third party or on its own initiative, ERE may initiate an investigation for respecting from the Licensee of the License Conditions or ERE Rules.
4. If after the investigation, ERE concludes that the Licensee has failed to implement the License Conditions, ERE shall undertake other actions within its authority to ensure the compliance with the terms and conditions of this License.
5. The Licensee shall inform and explain to ERE for any violation of the License Conditions, not later than one week that such violation become known to the licensee.
6. The licensee shall obey to the decisions issued by ERE, including the payment of fines imposed by ERE, according to the Legislation in Force.

Article 8
Imposing the administrative measure and the license removal

1. If the Licensee does not fulfill the conditions of this license, ERE may apply administrative measures, according to article 106 of Law no. 102/2015 “On Natural Gas Sector” and the “Regulation on the conditions and procedures of imposing the fines and the concrete measure for each violation”.
 2. ERE may remove the License in conformity with article 27 of Law no. 102/2015 “On Natural Gas Sector” and the “Regulation on the procedures of Licenses removal on Power and Natural Gas Sector”.
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Article 9
License Removal

1. ERE shall remove a license when the Licensee:
 - a) no longer meets the essential conditions of the license;
 - b) violates the legal provisions to protect the environment during performing his activity;
 - c) endangers the citizens life, health and property;
 - d) does not pay the regulatory fees imposed by ERE,
 - e) becomes financially incapable or requires to declare bankruptcy;
 - f) on the request of the licensee;
 - g) has ceased to perform the certain functions according to the license.
 2. If the Licensee changes his legal status or the main shareholder/partner that controls the Licensee's interests is changed without ERE authorization, the License becomes null and is cancelled and the Licensee's successor shall apply for a new License according to the "Regulation on the procedures and terms of license issue, modification, transferring, or license removal on natural gas sector".
 3. This License may be transferred only with ERE written decision and within the terms and conditions defined by ERE. Any decision of ERE for transferring of this License shall be subject of ERE assessment if the person to whom the license is transferred will have the technical and financial ability to complete the terms and conditions of this License.
 4. Any transfer of this License without ERE approval shall be cancelled and constitutes a violation of this License.
 5. When the License terminates due to the violations from the Licensee of the License conditions, the Licensee shall be responsible for the costs that he causes to ERE, and to the market participants as the result of this termination, as defined by ERE, including the costs regarding the License regular transferring to a new Licensee.
 6. When ERE determines that the Licensee has violated one or more License conditions, to the License shall be given a reasonable opportunity to correct the violation before the License termination, despite the cases when the violation involves corruption or dishonesty proved by the bodies with the relevant authority under the laws into force.
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Article 10
Emergency situations

1. The Licensee shall not be considered that he has violated the conditions of this License in case he is prevented to accomplish them by force majeure or other emergency situations.
2. On emergency conditions the Licensee:
 - a) shall ensure the necessary collaboration with the respective authorities and institutions to act in emergency situations, to restart its activity within a short period of time;
 - b) shall complete its obligations to reduce the risks and losses that are connected with the life, health and the property of the third parties;
 - c) within 24 hours from the emergency situation, the Licensee shall inform ERE for the emergency situation and the actions that he will undertake to restart the normal activity.
3. If the Licensee foresees the emergency situation as defined from the Legislation in Force, the Licensee shall inform ERE within 24 hours and this notification shall describe the steps taken by the Licensee to avoid or improve the influences of the foreseen emergency situation.

Article 11
Settling the Disputes and the Right to Appeal

1. Any controversial issue or claim between the Licensee and any participant in the market regarding the License Conditions and implementation of the legislation in force shall be settled with understanding between the parties.
 2. If the settling is not reached with understanding between the parties, ERE based on the request from one of the dispute parties shall settle the dispute and issue the decision in conformity with the Legislation in Force.
 3. Any party in dispute may appeal for ERE decisions to Tirana Administrative Court within 45 calendar days from the day the decision is published in the Official Gazette.
 4. The Licensed entities shall implement ERE decisions until the final court decision.
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**REPUBLIC OF ALBANIA
ENERGY REGULATOR AUTHORITY**

**LICENSE
ON NATURAL GAS TRADING ACTIVITY**

License issued to:

(Full name of the Licensee)

Series: _____ License No.: _____

Effective date of this Annex: _____