

Approved with ERE Board Decision No.140 dated 22.11.2013, amended with ERE Board Decision No.61 dated 07.07.2014 amended with ERE Board Decision No.200 dated 03.09.2018

REGULATION ON ALLOCATION OF INTERCONNECTION CAPACITIES

1.Blue color the amendments with ERE Board Decision no.140 dated 22.11.2013
2.Red color the amendments with ERE Board Decision no.200 dated 03.09.2018

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1. INTRODUCTION AND GENERAL PROVISIONS

These Rules are drafted based on Law no. 43/2015 “On Power Sector” (as amended); Council of Minister Decision no. 244, dated 30.03.2016 “On approving the conditions for setting public service obligation, that shall be implemented to the licensee on power sector, who exercise the electricity production, transmission, distribution and electricity supply activity”; Council of Minister Decision no. 519, dated 13.07.2016 “On approving the Electricity Market Model”; the Transitional Market Rules approved with ERE Board Decision no.139, dated 15.08.2016, as amended; the “Albanian Electricity Market Rules and the Agreement to Participate at the Albanian Power Exchange”, approved with ERE Board Decision no. 214, dated 28.12.2017.

These rules specify the procedures and the auction criteria the available for cross border allocation capacity, in both directions import/export, between the control zone of TSO company and the adjacent Transmission System Operators.

These rules set the requirements that the market participants shall fulfill to participate in the Annual, Monthly, Daily auctions, the procedures for auctions, giving the right for physical transmission, conditions for access in the secondary market of physical transmission and utilization of the physical transmission right.

Available Transmission Capacities (ATC) for export from Albanian and for Import to Albania through are allocated explicitly through the Annual, Monthly, Daily auction carried for each border and direction of electricity flow.

These rules aim to secure a transparent process monitored by ERE for the available allocation capacities of the interconnection.

TSO as the Transmission Operator in the Republic of Albania, is charged of setting the cross border transmission capacity values and their reconciliation with the adjacent TSOs in compliance with the criteria set by ENTSO-E (European Network of Transmission System Operators).

In case of an amendment or approval of the new allocation Rules of ATC, for the next calendar year, they shall be published on TSO website within 10 calendar days from their publication by ERE. After the publication of the Rules, the market participants are obliged to correctly follow the rules published on TSO website.

2. ABBREVIATIONS AND DEFINITIONS

TTC (Total Transfer Capacity) - is the maximal exchange program between the controlled zones accompanied with the security operation standards in both systems, based on the available operative information expected, including generation and load.

TRM (Transmission Reliability Margin) - is a part of the cross-border transmission capacity, needed for the safe operation of the transmission system considering the inaccuracy of calculation of transmission capacities and the schedules based on them. This inaccuracy comes because of secondary regulation operations, the need for emergency exchanges and deviations in real time from scheduling. Adjacent TSO's coordinate together the TRM value.

NTC (Net Transfer Capacity) - is the maximal exchange program between two adjacent TSO's considering the applicable reliability standards in all the control zones of the synchronized zone, as well as considering the technical inaccuracies related to the foresee of conditions in the net and the calculations according to the formula below:

$$NTC = TTC - TRM$$

AAC (Already Allocated Capacity) is the whole transmission capacity, that is allocated to the market participants based on these rules, after the fulfillment of the financial obligations towards TSO-s from the market participants.

ATC (Available Transmission Capacity) is the difference between net capacity and the already allocated capacity and is calculated based on the formula below:

$$ATC = NTC - AAC$$

Market Participant - is a legally registered entity in Albania, licensed by ERE for carrying out one or more activities in the power sector and that is subject to all of the procedures provided from the legal and by-legal acts in force for the registration in the electricity market. Is a legal registered entity in Albania, licensed by ERE to carry out one or more activities on power sector and has signed with the TSO the Contract to use the cross border capacity, as well as with the Traders and electricity suppliers, registered on another state member of the Energy Community Treaty, have the right to participate on the electricity market, based on reciprocity principles and in conformity with the legislation in force.

Action participants - is a market participant that submits to the auction the request for allocation of the right of cross border transmission capacity, in conformity with these rules.

Auction period – is the period during which is applied the capacity allocation. This is realized by annual, monthly, weekly, or daily auctions.

Auction Bid – are the values of the couple capacity - price (MW - €/MWh) in the request submitted by the auction participant.

Allocation – is the process in which TSO attributes the transmission capacities to the market participants.

Annual auction – is the auction for the allocation right for physical transmission for the coming year.

Annual Available Transmission Capacity (ATC) - is the part of the Available Transmission Capacity that is allocated in the annual auction as the right of physical transmission.

Monthly auction – is the auction for the allocation of the right of physical transmission for the coming month.

Monthly Available Transmission Capacity (ATC) – is part of the available transmission capacities that is allocated in the monthly auction for the coming month.

Daily auction – is the auction for the allocation of the right of physical transmission for the coming day.

Daily Available Transmission Capacity – is the part of Available Transmission Capacity that is allocated in the daily auction.

Specific Auction Conditions – shall mean the necessary information made available for the auction participants from TSO company website for a certain auction.

Auction Means – shall mean the information technology system (IT) used by TSO company to take the offers from the auction participants including the operations and auction outcomes.

Auction website – is the TSO website (Market Operator) with the content defined on article 9 of these Rules.

Auction Day – is the date on which the auction shall take place, for which the bids shall be submitted until the deadline set by TSO.

Congestion – submits the situation when the request for transmission capacity is submitted by the auction participants (as a sum) is bigger than the available capacity ATC for the respective border/direction published by the TSO.

Margin Price – is the lowest price of the last bid accepted by TSO in an auction process.

Capacity owner – is the auction participant that wins the cross border transmission right in auction or that wins this right through transferring in compliance with the requirements of these rules.

Secondary Market of the Physical Transmission Right – is the mechanism that permits the physical transferring right purchased in Annual and/or Month auction from the holder that won in the auction to another market participant based on these rules.

Transferring capacity – is the transferring of the right to use cross border capacity from the capacity owner to another market participant.

Cross borders energy exchange – is the electricity exchange that the market participant in Albania carries out at the adjacent control zones (TSO-s).

Cross border partner – is a person from the adjacent control zone with whom the market participant in Albania has a cross border exchange contract.

Control Zone - is the determined part in the European interconnection grid (ENTSO-E), controlled by one or more TSOs.

ERE – is the Albanian Energy Regulator Authority according to the definition in the Power Sector Law.

ENTSO-E (European Network of Transmission System Operators for Electricity) – is the association of the European TSO's for electricity.

3. DOCUMENTS AND APPLICATION FORMS

Documents and application forms attached as annexes are part of these Rules and are published in TSO publishes them on its official website:

- Application form for submitting the offer - Annex 1

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- Application form of notifying the auction results - Annex 2
- Application form of the invoice details – Annex 3
- Application form for capacity transferring – Annex 4
- Model of the contract – Annex 5
- Annual plan of repairment works – Annex 6
- Application form of declaring gained ATC at the adjacent TSO – Annex 7
- List of market participants that may participate on the auction – Annex 8
- Application form of notifying the annual/monthly auction – Annex 9

4. DETERMINATION OF AVAIABLE TRANSMISSION CROSS-BORDER CAPACITY (ATC)

Operational safety of the Power System that operates in the interconnection is closely related with the assessment and determination of cross-border transmission capacity.

Determining the cross-border transmission capacity shall be according to bilateral Agreements with adjacent TSO-s and is based on ENTSO-E Guideline, respectively Policy no.4 and its Annex.

The barriers for exchanging electricity are caused mainly by limited capacity of the interconnective network that means not only the interconnectors (cross-border lines) but any element of the internal network that causes for limiting the transactions or shifting energy from one area to another. The congestion in transmission happens when the system occurs when the system may not operate safely on the conditions of a model issued for generation, exchange, transmission and request. The procedure to manage congestion shall mean the release of the network from congestion, taking the measures not to permit the violation of physical norms that ensure the normal operation of the network.

The essential notions of ENTSO – E regarding the transferring capacity are: Total Transmission Capacity (TTC) represents the maximal exchange program between two TSO-s fulfilling the security operation standards obligatory for any System, if for the period for which it is made the assessment of TTC, the conditions of the network and the generation – consumption model are known in advance . TTC is always connected with the issued situation for the System, that means with the generation-consumption model and the situation of the network elements, that compose the data base forming the mathematic model of the System. The solution of this model gives the results for the voltage values at the System nodes and load (current) in all its circuits, that represent the parameters that shall be monitored by the System Operator to access the operational safety.

Since the calculations are based on the foresee of the future situation, there is the possibility of occurrence of result inaccuracies, which depend on the time period taken into consideration.

The closer the period for which the calculations are made, the more accurate the results of the TTC calculation.

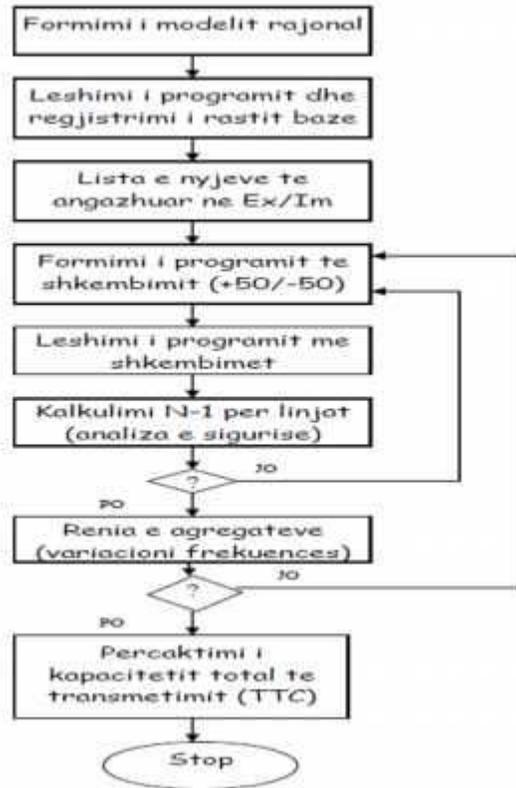
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For this reason shall be taken into consideration a certain amount of the capacity that serves (above all) even for the compensation of the calculation inaccuracies called TRM (Transmission Reliability Margin). The value of the Net Transmission Capacity (NTC) is calculated according to formula: $NTC = TTC - TRM$. Calculation of the TTC (Total Transfer Capacity) starts with the set of the basic case, which presents a situation (scenario) already agreed by the parties and evidenced (from previous experience) that meets all the conditions of operational safety for each of the parties. In the basic case, the exchange program between the parties may be zero or not depending on the situation. Beginning from this situation (after the exchange of the respective data) to calculate TTC from zone A to zone B, the generation is increased with defined steps on zone A and is decreased on the same level on zone B, causing the respective differences on the energy flow in both zones. The change of generation is marked with ΔE^+ and ΔE^- for the respective increase and decrease of generation. This process continues until the point when on one of the systems A or B it is violated the operational safety ($\Delta E_{max}^+ / \Delta E_{max}^-$.) The maximum exchange from A to B that is compatible with the operational safety rules, that means TTC from A to B – is $BCE + \Delta E_{max}^+$. This procedure is repeated for the reverse direction, that means decrease of generation at A and increase in B, to calculate TTC from B to A. The procedure agreed between the parties to carry out the calculations is submitted as follows:

1. Each TSO shall prepare the network model according to the approved application form (UCT) for the basic case which submits a situation (scenario) already agreed from the parties and evidenced (from previous experience) that it completes all the operational safety conditions for each of the parties and performs the convergence test with the electricity distribution flow schedule (PSS/E, TNA). There are also defined the centrals (nodes) where shall be the increase of the load in case of export, or the decrease of the load in case of the import, according to a defined scale for both directions increase/decrease.
2. There shall be the exchange of the modules between TSO-s and it is formed the regional model from the next coordinator (rotational way) that is made available to each participating TSO. By this model (the basic case) it is defined the size and the direction of the circulating flow.
3. It is made the harmonization of the exchange import/export programs ($\sum = 0$) and it starts the simulation model with the 10 - 50 MW step. For each step it is performed the registration of the interconnection lines flow and it is made the verification to fulfill the criteria N-1 (N-2, for double lines), in case of aggregate failure frequency deviation is controlled.
4. The largest exchange amplitude for which it is not violated the voltage level and the current limit, is accepted as a possible transaction. The sum between this value with the registered value in the basic case, gives the Total Transmission Capacity (TTC) value for each border.

Diagram of the used methodology



Translation of the diagram

Formulimi i modelit rajonal
 Leshimi i programit dhe regjistrimi i rastit baze
 Lista e nyjeve te angazhuar ne Ex/Im
 Formimi i programit te shkembimit
 Leshimi i programit me shkembimet
 Kalkulimi N-1 per linjat (analiza e sigurise)
 Renia e agregateve (variacioni i frekuences)
 Percaktimi i kapacitetit total te transmetimit (TTC)

Formulation of the regional model
 Issue of the program and registration of the basic case
 List of the engaged nodes in export/import
 Formation of the exchange program
 Issue of the program with the exchanges
 Calculation N-1 for the lines (safety analysis)
 Decrease of the aggregates (frequency variation)
 Definition of the Total Transmission Capacity (TTC)

The essence of this procedure consists at the preparation and exchange of the network data between the regional transmission companies and the form of regional transmission model, on which it is performed the control of energy transfer simulation from one zone to another. The calculations are carried out by TSO controlling the operational safety level for its area in case it is open (gets out of work) a certain interconnection line or one element of the internal transmission network. The value of the TTC capacity is defined separately for each border and flow direction and they may not be allocated, that means eliminated through issuing the net transmission value. The control includes the 220 kV and 400 kV network level. The highest amplitude of the capacity for which it is not violated the operational safety (the voltage level and the current limit), are accepted as the total possible capacity to that border point.

The net capacity comes from reducing the total capacity of the reliability margin (TRM) taking into consideration the possible errors in calculation, because the data refer to the network

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situation foreseen for the coming month, as well as to let a reserve capacity that may be used on emergency situations of partial/ total fall of any area at the interconnection. With an agreement, this capacity is 50 MW for the interconnectors of 220 kV and 100 MW for those of 400 kV level. In case from the calculations by each TSO there result two different values of the TTC, **then the lowest value shall be taken into consideration.** In case of non – harmonization between adjacent TSO-s, it is implemented the principle of accepting two minimum values of TTC of the same border and direction. The monthly value of the NTC, as a rule shall be calculated and harmonized with the adjacent TSO-s, separately for each border, within date 7 of each month, for the coming month.

For this it is followed the following procedure:

- 10 days before the end of the harmonization term, are exchanged the data, the national model with all nodes of 220/400 kV level, between the TSO-s on the approved form UTC, including the reserve of active load for the increase/decrease of the generation and the data on the default program (elements out of work) for the considered period.
- 5 days before the termination of the harmonization term, are carried out the calculations (simulations) for the TTC/NTC values resulting from the fulfillment from N-1 criteria implemented for any control zone,
- 2 days before the termination of the harmonization term, are exchanged the defined exchanged values of TTC for each border and it initiates their harmonization process. In case of discrepancies of the calculated values and if the parties fail to convince each other, then the smallest vale of the TTC automatically enters into force. As a rule, the amount of capacity exchanged for all borders, is multiplied by the coefficient 0.7 to define the total import/export of an area, reducing in proportional any border that shall be taken into consideration during the cross border capacity allocation. The annual value of the NTC for each interconnector and flow direction, is calculated considering the minimum monthly value that is used, utilized, in the three last years and is reconciled with the adjacent TSO-s do not reach to

In case of significant amendments of the System situation in comparison with the foreseen situation, when there are calculated the cross border capacities, adjacent TSO-s, after the exchange of the relevant data of the new situation carry out the re-calculation of the cross border capacity and together define the new NTC values and respectively the ATC ones.

This procedure is followed by each regional TSO, based on the Operational ENTSO-E Guideline, for the calculation of the cross-border transmission capacities.

5. DESCRIPTION OF ALLOCATION PROCEDURES

5.1. Methods of allocation the right of using ATC

TSO organizes annual, monthly, daily auctions for the allocation the right of using available capacity ATC in both directions of interconnection lines as follows:

- a) Annual auction related to physical transmission right (PTR) for annual available transmission capacity (ATC) from January 1 until December 31.

- b) Monthly auctions related to Physical Transmission Right (PTR) for Available Monthly Transmission Capacities from the first day until the last calendar day of the month for the respective year.
- c) Daily auction related to Physical Transmission Capacities (PTR) for the daily Available Transmission Capacities (ATC) during the reservation period from 00.00 to 24.00 of every day.

TSO allocated the ATC at the interconnections, for Annual and Monthly reservation periods, on explicit auctions. The price of the auction is marginal, that means the lowest bid price accepted on the respective auction.

Annual auction

The annual value of ATC for each border and direction is published, according to the application form no later than 25 November of the year V-1, for the year V, and the annual auction is organized no later than 30 November. The respective information regarding the annual auction shall be published on TSO company website. The auction procedures, the submitted bids are from the participants on the bid and the auction results shall be applied in conformity with these rules and respective guidelines of TSO company.

In the absence of the Soft platform, the annual auction bids are submitted from the bidder in closed envelopes, or by e-mail at the address notified by TSO company. The Bids of the auction participants are open by the respective TSO representatives and in the presence of authorized representatives of the auction participants read the data of the bid as follows:

- Name of the bidder
- The border for which the capacity is requested
- Direction for which the capacity requested
- Period for which the capacity is requested (according to TSO publication)
- Required capacity in MW
- The price unit for any bid Euro/MWh

Submitted according to Annex no. 1 of these Rules

The right of using the cross border capacity allocated in annual auctions shall be applied from 00:00 of January 1st until 24:00 of December 31st.

During repairing works of interconnection lines, TSO may reduce the right to use the allocated capacity in annual auction, proportionally with the reduction of ATC value in these periods.

Monthly Auctions

Monthly values of ATC for the month M are published according to the application form on Annex no. 9, no later than the date 15 of the month M-1 and the monthly auction for the month M are organized at the same time for all reservation periods, directions and borders, not later than the date 20 of the Month M-1. The relevant information related to the monthly auction shall be published on TSO website.

Monthly auction bids shall be submitted by the bidder in closed envelopes, or by e-mail at the address notified by TSO company.

For the monthly auctions, if any border and direction, there are some time periods with different ATC values, then for each period a special auction is organized for the respective ATC value.

In the absence of Soft platform, the bids of the participants in the auction are open by TSO respective customers and in the presence of authorized representatives of the auction participants are read the data of the bid as follows:

- Name of the bidder
- Border for which it is required the capacity
- Direction for which it is required the capacity
- Period for which it is required the capacity (according to TSO publication)
- Required capacity in MW
- The price unit for each bid Euro/MWh

Submitted according to Annex no 1 of these Rules

The right to use cross border allocated capacities in monthly auctions shall be applied from hour 00:00 of the first day of month M, to hour 24:00 of the last day of the respective period that shall be published in the ATC values table for the relevant month.

TSO shall inform adjacent TSO-s for the results of the annual and monthly auction (the name, company code and the allocated capacity) – not later than three (3) working days prior to the beginning of the next month.

Daily Auction

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The available daily capacity, for each border and direction for day D, is composed of the sum of the unallocated capacity on the respective monthly auction, with “returned” capacity declared from the respective participants that shall not be used on day D.

Procedure of calculating and allocating the daily transmission capacity is:

- Until hour 10:00 of each day, the market participants that have the transmission right on the

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annual/monthly auction, shall declare the capacity quantity in MW, separately for any border and direction planned to be used for day D+2,

- Until hour 11:00 of each day, TSO company publishes on its website and notifies the market participants for the available capacity for day D+2 for each border and direction, as well as exchange the respective information with the adjacent TSO regarding the "returned" capacity and the available one for day D+2,
- On hour 12:00 - 14:00 interval of each day, TSO held the auction procedure accepting electronically through NOVITÀ platform the requests of the market participants for the transmission capacity for day D+2, in conformity with the respective notification,
- Until hour 15:00 of each day, TSO shall make the allocation of the capacity, the definition of the auction winners and the auction price, according to the same procedure that is currently followed by the TSO on annual/monthly auctions, for any border and direction of the flow and notifies the participants for the respective capacity that is allocated for day D+2.
- The procedure for the daily allocation for Sunday, Monday and Tuesday is realized on Thursday. If D day is an official holiday, the procedure is held on the next day.

The invoice for the daily auction shall be prepared on monthly basis at the end of the month during which it is used the capacity. The payment of the invoice shall be according to the payment procedure for the transmission service. TSO company shall have the right to use the bank guarantee of the market registration in case of failure to liquidate the monthly invoice and if the amount of the bank guarantee do not cover the payment of using the capacity shall exempt the participant in the daily auction to the fulfillment of the financial obligation to the TSO company”

In the absence of the Soft platform, the daily auction shall be by email, on the address published by the TSO.

5.25.5 Submission of the request for capacity allocation in annual/monthly/daily auctions

Submission of the request for reserving the right for cross-border capacity shall be on closed envelopes, for monthly and annual auctions and by e – mail for daily auctions on the address issued by TSO company according to the procedures defined on this regulation.

The capacity allocated by the TSO shall mean the right of using cross-border capacity in range for each hour of the respective reservation period.

With the submission of the request for reserving the cross-border transmission capacity, the participant in the auction takes account of the liquidation of the won ATC, according to the auction results.

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5.3. Mechanism of developing the auctions

Available Transmission Capacity (ATC) shall be allocated with an auction procedure by TSO company in the form of Physical Transmission Right, at any interconnection line and direction according to the terms and provisions of these Rules.

In an auction procedure TSO classifies all the valid bid as follows:

Case 1:

If the sum of all valid bids delivered for a specific auction is equal to less than the Available Transmission Capacity (ATC), the participants have the transmission right according to the submitted offer without executing any payment to TSO company.

Case 2:

If the sum of all submitted bids for a certain auction surpasses the quantity of the Available Transmission Capacity (ATC), for the holder of the Physical Transmission Right is set the price for each allocated MWh. For this purpose, the bids are listed based on the price, starting from the higher price and terminating with the lower price.

The valid bids are listed according to a list prioritizing the higher price of the bid. The auction price is the marginal price, that means the price of the lower bid accepted in the auction. The final price defined according to the above principles is used as a basis for calculating the capacities price and shall be applied to all holders of the Physical Transmission Right.

The auction participants may submit up to 10 bids for each border/flow direction and period set in the auction announcement. The bid submitted in the auction represents the pair of values capacity-price (MW- €/MWh). The bid price does not include the value added tax (VAT), that is calculated separately by OST.

The minimum value of the requested capacity in a bid is 1MW and the maximum value of the bid/bids is equal with the ATC value. The bid price is given in €/MWh, with 2 decimal point, and the minimum value offered is 0,01€/MWh.

The last accepted bid may be reduced if the remaining capacity is smaller than the required capacity. In case that for the remaining capacity there are two or more bids with the same price, then the capacity reduction is performed proportionally with the required capacity for each bid doing the rounding in the full smaller amount.

With the submission of the request, the participant accepts that its offer may be reduced according to the explicit auction procedure (if its bid is the last in the list and may not be fully realized) and the offered price is valid for any capacity reduction.

If the sum of the bids capacities, for each border, direction and time interval is respectively bigger that the available capacity, the published (ATC) according to the auction procedure, then the participants shall have the right to transmit at the auction, are obliged to pay the reserve of the cross-border capacity, calculated according to the formula:

Payment (€)= (marginal price (€/MWh)x allocated capacity (MW) x number of hours for the auction period (hours of the month or part of it).

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5.4. Notification of auction results

With the termination of the annual and monthly auction procedure, TSO notifies each participant in the auction and publishes within two calendar days from the auction day in its website, the results sending the information electronically according to the table Annex no.2:

The winning participant, within the next day of receiving the notification, signs the standard contract “On the right of using the transmitting cross-border capacity on the control zone borders of the TSO”, according to Annex no.5. The contract is signed only once from the winning participant and is valid for all the rights won on annual and/or monthly and/or daily auctions.

Auction participants may require explanations in the TSO regarding the auction results, not later than hour 12:00 of the second day after the relevant notification from TSO. TSO answers for these requests explaining within hour 14:00 of the same day. If the auction participant does not submit any complain within this time, then the notified result is considered final and serves as the basis for calculating the reserve and invoicing payment.

5.5. Calculation of payment for reserving the cross-border capacity and value added tax

a) Annual/monthly auction

Payment for reservation of cross border capacity allocated on annual/monthly auctions, is calculated on monthly basis according to quantity in MWh allocated in the auction and the respective auction price. The payment shall be carried in advance, before using the transmission right, according to the invoice issued by the TSO not later than 5 days before the beginning of the month on which shall be used the transmission right. TSO sends an invoice on monthly basis to every participant in the annual/monthly auction. On this invoice is calculated and separately notified, the calculated sum according to the abovementioned formula of using the capacity even the Value Added Tax (VAT). The Participants shall pay the total sum mentioned in the invoice. The last term of paying the invoice is 3 days from the receipt of the invoice issued by the TSO. The invoice shall be fully paid without any reduction or compensation, on TSO company account within the term. In case the participant fails to make the payment within the deadline, then he losses the right of using allocated transmission capacity for the respective month and shall not be permitted to participate in the auction of the coming month, until the whole payment of the invoice is executed together with the respective interest calculated for this time- delay.

In case of payment delay, TSO shall charge the participant even with the interest according to the bank interest rate. Bank interest rate, shall mean the interest rate of one day deposits published from the Bank of Albania in its relations with the second level banks, published by the Bank of Albania, on the day closest from the first day of calculating the overdue interests.

b) Data of the invoice

The tax invoice shall be accompanied with the details according to (Annex no.3), together compose the set of payment documents.

The set of payment documents shall be delivered on hand and/or by post.

6. TRANSFERRING THE ALLOCATED CAPACITY

The participant that won on the auctions performed by the TSO the right of using the cross border capacity, may not return this capacity to the TSO, not even partially, in exchanging the respective payment made independently from the impossibility justification to use this capacity in compliance with the principle “Use it or lose it” (UIOLI).

The participant may transfer the capacity won at an auction to one or more other market participants in the electricity market in Albania. The transfer to one or more market participants may be carried out only after TSO notification. TSO shall draft the procedure for its notification by the market participants.

The request for capacity transfer is obligated for both parties and after it has been submitted to the TSO, it may not be amended or withdrawn. The market participants may transfer full or part of the capacity. The minimum capacity that is transferred is 1MW. The capacity may be transferred for the whole reserved period (monthly) or for a part of it. The minimum period is one day (24 hours). The capacity transfer may be realized only by the participant that has made the payment of the capacity reserve according to invoice send by TSO company for the respective month when the transfer is made, also the participant that gains the capacity shall have paid all the obligations towards TSO, which to realize the capacity transfer between the parties do not charge them with any financial obligation.

The request for capacity transfer of the annual/monthly capacity is submitted to TSO company no later than 3 (three) calendar days before the day defined for the transferring. On the contrary, the transferring shall not become effective.

7. IMPLEMENTATION OF THE RIGHT OF USE OF ALLOCATED CROSS BORDER CAPACITY

The right of using the allocated capacity, is implemented through nominating the schedules of the cross-border exchange, in compliance with the Grid Codes and Market Rules in force. The market participant that wins the right to use the cross - border capacity from the auction organized by the TSO or the auctions of the adjacent TSOs applies this right through nomination of schedules of cross - border exchange.

In the case the right to use the capacity is given from the Adjacent Operators, the market participant that benefits this right is obligated to notify TSO by completing the respective form that is an integral part of these Rules (annex no.7) and is send by fax or submitted in hand to the TSO, no later than three days before the beginning of the respective month or before the day when the transmission right becomes effective. This form is subject of approval by the TSO.

The nominating values of the cross - border schedule must not overcome the total allocated transmission capacity for each participant.

The right of using cross - border capacity is executed based on the principle “use it or lose it” and in compliance with the Transmission Code.

All the owners of annual/monthly capacities must declare the use of capacities not later than day D-2 hour 10:00 for day D.

In case of not declaring the use of the capacity, to the respective participant shall not have the transmission right for day (D) and the respective capacity shall be given to other market participants according to the daily auction procedure.

8. RESTRICTION OF THE RIGHT TO USE THE ALLOCATED CAPACITY IN THE AUCTION

The transmitted capacity in the Interconnection reserved for TSO auctions is guaranteed by the TSO is obliged to make all the efforts for ensuring the realization of the right to use the cross - border capacity allocated in auctions. TSO may reduce the pre - determined values of the cross - border capacity allocated in annual/monthly auctions, for technical causes at the time before use or during the period of using the capacity. The reduction of the capacity reserved in the auction shall be according to the procedure defined on these Rules and in the cases described in the Market Rules.

The right of using the cross - border capacity for each participant and in every border/direction allocated *in annual auctions*, may be partially or totally reduced, for a certain period of time, for technical causes planned and known in advance (scheduled) as well as for causes that may not be planned or known in advance (unscheduled).

In cases of reducing the use of the capacity for scheduled reasons, the participants (capacity owners) shall be notified, no later than 10 days before the beginning of the respective month when it is planned the reduction of cross – border capacity. The reduction shall be made proportionally according to the capacity gained by each participant in the respective border/direction.

The reduction of allocated cross - border capacity in annual/monthly auctions, for unscheduled causes includes the reduction of net capacity (NTC) for unexpected reasons, under emergency conditions in the Power System of the country and/or adjacent countries Systems, according to the description made in the Transmission Code, in cases if Force Majeure as well as in cases of electricity market suspension according to the provisions of Chapter III of the Market Rules.

TSO company does not compensate the participants for the reduction of the transmitted capacity at the interconnection on cases provided on this chapter.

OST may suspend the right to use cross border capacity for the respective month for each participant, if the capacity owner fails to complete TSO and ENTSO-E rules regarding the nomination and harmonization of exchange schedule, as well as if the capacity owner has unpaid financial obligations to the TSO. In this case the capacity owner losses the right to participate at the next month auction, until he fulfills all the obligations to the TSO company.

9. PUBLISHING THE INFORMATION AT TSO WEBSITE

Minimum information that must be published in TSO website includes:

- a. Auction Rules for all the guidelines and procedures in force and that relate to allocation of interconnection capacity
- b. The notifications according to the Auction Rules;
- c. Notification of the coming Auction data;
- e. The forms and documents that shall be downloaded and used by the users regarding the Auction;
- f. Table of the Auction results
- g. Scheduled Restrictions;

- h. Period for repairing the works (Annex no 6);
- i. Indicating calendar for annual and monthly auctions;
- j. List of the Participants in the Auction (Annex no 8);
- k. Respective other Information;

10. MONITORING THE CAPACITIES ALLOCATION

All allocation operations shall be accurately documented. Any allocation shall not be permitted to be performed without the required accompanying documentation.

Until date 10 of each month TSO shall submit at ERE an analytical informative and justification report on capacities allocation implementing these rules.

TSO company is obliged to transparently give ERE all the required documentation for the Interconnection Capacities Allocation within ERE power to monitor the licensees.

11. APPROVAL AND REVIEW

These Rules are approved and object of Review with ERE Board Decision according to ERE Practice and Procedures Rules.

12. ENTRY INTO FORCE

These rules enter into force with ERE Board decision and shall be valid to the moment of implementing the respective Borders of Auction Rules of the Regional Office of Auctions Coordination at SEE CAO.

ANNEX 1

Application form of Submitting the Bid

<i>Bid for reserving the cross-border transmission capacity</i>		
Company	(Name of the Company)	
Border		
Direction		
Period	(according to TSO publication)	
ATC	xx MW (according to TSO publication)	
No	Capacity [MW]	Price [€/MWh]
1	xx	x.xx
2	xx	x.xx
3	xx	x.xx
4	xx	x.xx
5	xx	x.xx
6	xx	x.xx
7	xx	x.xx
8	xx	x.xx
9	xx	x.xx
10	xx	x.xx
Amount	Σ	

1. Blue color are the amendments according to ERE Board Decision no.140 dated 22.11.2013

2. Red color the amendments according to ERE Board Decision no.200 dated 03.09.2018

ANNEX 2

Form of Notifying the Auction Results

								MARKET OPERATOR		DATE. / /	
<i>AUCTION RESULTS</i>											
Border /Direction	Code	ATC	Period	Winning Companies	Gained Capacity	Total Required Capacity	Total Allocated Capacity	Number of the Participants in the Auction	Number of the Participants that gain the right	Number of the Bids	
		MW				MW	MW				
Albania - Montenegro	AL-ME										
Albania -Kosovo	AL-KS										
Albania - Greece	AL-GR										
Montenegro – Albania	ME-AL										
Kosovo -Albania	KS-AL										
Greece -Albania	GR-AL										

1. Blue color are the amendments according to ERE Board Decision no.140 dated 22.11.2013

2. Red color the amendments according to ERE Board Decision no.200 dated 03.09.2018

ANNEX 3

Application form of the Invoice Details

Border	Direction	Company	Type of Allocation	Capacity	Price	Period	Sum	VAT	Σ me VAT
				[MW]	[€/MWh]	[ore]	[€]	[€]	[€]
Kosovo-Albania	Import								
Kosovo-Albania	Import								
Albania - Kosovo	Export								
Albania-Kosovo	Export								
Greece-Albania	Import								
Greece - Albania	Import								
Albania - Greece	Export								
Albania - Greece	Export								
Montenegro - Albania	Import								
Montenegro - Albania	Import								
Albania - Montenegro	Export								
Albania - Montenegro	Export								

1. Blue color are the amendments according to ERE Board Decision no.140 dated 22.11.2013

2. Red color the amendments according to ERE Board Decision no.200 dated 03.09.2018

ANNEX 5

Model of the Contract

1. The Albanian Transmission System Operator (TSO company), Autotrada Tiranë-Durrës, Km 9, Yrshek, Kashar, Tiranë, Shqipëri, registration number _____, Tax Identification Number _____, represented by the director of the company _____,

and

2. xxx_____, (address, Registration no. Tax identification number),
represented by the _____,

Are the parties on this Contract and agree as follows:

Contract
On
The right of using cross border transmission capacity at the borders of the control zone of OST for _____ period

Article 1

Subject of the Contract

1.1 This Contract specifies the rights and obligations between OST and xxx as market participants of the energy market in Albania, regarding Available Transmission Capacity (ATC) in annual, monthly and daily auctions and the exercise of the right to use the allocated capacity and nomination of schedules

1.2 With the signature of this Contract, xxx declares that it is fully notified and without turning back and irreversibly accepts without reserves or limits “the Rules on allocation of cross border capacity in the border of the control zone managed by OST (herein below referring as “the Rules”); that are defined by TSO and published on its website.

Article 2

Use of allocated cross border capacity and schedule balancing

2.1 XXX utilizes its right to use cross border transmission capacity participating in the capacity auctions organized by OST in accordance with the Rules of cross border capacity.

2.2 XXX utilizes the use of allocated capacity by nominations of cross border exchange, and submit it to TSO in accordance with the Market Rules, Grid Codes, ENTSO-E Rules, Rules and documents on the possibility of reduction of electricity import/export in compliance with the Market Rules.

2.3 The right of use of cross border transmission capacity that is allocated to XXX in annual, monthly auctions, is not guaranteed by TSO, because the pre- defined value of the cross border capacity yearly, monthly, daily may be reduced before the moment of using the allocated capacity. This reduction shall be made according to the terms and conditions stated in the Market Rules.

1. Blue color are the amendments according to ERE Board Decision no.140 dated 22.11.2013

2. Red color the amendments according to ERE Board Decision no.200 dated 03.09.2018

2.4 To XXX is not issued the right of damage reimbursement or loss of profit, due to the reduction of the right to use the cross-border capacity, due to conditions for which TSO is not responsible.

Article 3

Invoicing and tariff payment

3.1 The value of the right to use cross border capacity, for the allocated capacity in auctions (annual and monthly), shall be calculated on monthly basis according to the number of planned hours of possible use of cross border capacity. XXX is obligated to pay at the TSO the total amount for the reserve of cross border capacity that is allocated in the auction. XXX shall pay the value before the beginning of use of transmission right, according to the invoice issued by OST.

3.2 At the invoice VAT value is added to the amount of tariff capacity, according to the respective legislation in force. Each of the abovementioned amounts as well as the total shall be presented in the invoice in Euros (EUR). XXX is obliged to pay the total amount mentioned on the invoice. The payment of the invoice shall be executed on TSO bank account in ALL at the equivalent value of the amount in Euros, according to the Albanian Bank rate on the payment day. Instructions on the payment are issued on the invoice.

General conditions of the invoice

3.3 For the use of allocated capacity in auctions, XXX shall execute the written payment in advance for each month on TSO bank account that is declared on the invoice

3.4 TSO shall issue the respective invoice for XXX for the allocated capacity in the auction, no later than 5 (five) days before the beginning of the coming month, for which it is issued the right of using the capacity. The payment documents shall be submitted by hand and/or by mail.

3.5 The invoice submitted by TSO shall be paid within 3(three) working days from the issuing date. The payment is considered effective when the respective sum of money has arrived in TSO account.

3.6 XXX is obligated to pay the invoiced amount, without any reduction or compensation, on TSO account, within 3 days from receiving the invoice.

3.7. If the participant fails to execute the payment within the deadline, then he loses the right to use the transmitted capacity allocated for the respective month and shall not be allowed to participate at the auction of the next month, until paying the total amount of the invoice and the respective interest calculated according to the time of delay.

3.8 In case of payment delay, TSO shall charge the participant even with the interest in the bank interest rate. With bank interest rate shall mean the interest rate of one day deposits applied from the Bank of Albania regarding its relation with the second level banks, published from the bank of Albania, on the day closer from the first day of calculating the delayed interests.

1. Blue color are the amendments according to ERE Board Decision no.140 dated 22.11.2013

2. Red color the amendments according to ERE Board Decision no.200 dated 03.09.2018

Article 4

Amendments of the Rights and Obligations

4.1 XXX may transfer the cross = border capacity according to the method and conditions stated in the Rules.

4.2 The parties acknowledge and accept that this is a standard contract and as an Annex of the Rules, may be amended only with ERE Board Decision.

Article 5

Settling the Disputes

5.1 Parties shall try to settle the possible disputes during the implementation of this contract in a friendly way.

5.2 If the dispute is not settled in a friendly way, it shall be settled through the competent court.

5.3 During the time of settling the dispute, the Parties shall not interrupt the Contract performance, only if the circumstances according to the case and/or the Rules require the interruption, or suspension of some of the rights to use the allocated capacity.

Article 6

Entry into force of the Contract

6.1 This Contract shall enter into force on the date it is signed by the authorized representatives of the Parties.

6.2 This Contract shall be on three identical copies one for XXX and two for TSO company.

Singing of the authorized representatives

For TSO company

For XXX

ANNEX 6

Preliminary Annual Plan of the Interconnectors Overhauls

Interconnector	Period	
	From date	To date
Albania – Montenegro Line 400 kV		
Albania – Montenegro Line 220 kV		
Albania - Kosovo		
Albania – Greece		

1. Blue color are the amendments according to ERE Board Decision no.140 dated 22.11.2013

2. Red color the amendments according to ERE Board Decision no.200 dated 03.09.2018

ANNEX 7

**Approved
TSO Authorized Representative**

The Form of Declaring the reserved ATC for the neighboring TSO

The reservation is done at the TSO: (MEPSO or EMS or HTSO)

Interconnection: (AL-ME or AL-RS or AL-GR)

Direction for the TSO: (Import or Export)

Reservation period: (from: dd.mm.yyyy to : dd.mm.yyyy)

Size of the transmitted reserve capacity: (MW) _____

Undertaking:

Name of the Company:
Code in the market:
Address: Phone / Fax. /
E-mail:

For the Company
(Authorized Person)

Notes:

Declared Capacity on this form is not subject of nomination to the TSO. This form is submitted to the TSO company, by fax or mail not later than 3 (three) working days before the beginning of the month

TSO confirms the receipt of this Declaration by E-mail

This form is subject of approval by the TSO

ANNEX 8

LIST OF THE MARKET PARTICIPANTS THAT PARTICIPATE ON THE AUCTION						
No	Name of the Participant	Code	Address	Registration Date	Authorized Representatives	Type of the Activity
1						
2						
3						
4						
5						
6						

ANNEX 9

NOTIFICATION FOR THE ANNUAL/MONTHLY AUCTION

Transmission System Operator (TSO company) shall notify the announcement of the auction for the annual/monthly allocation capacities of the interconnectors for Year/ Month (period until), according to the following table of the available capacity:

Albania – Kosovo Border;

Direction	Period	ATC Capacity [MW]
Export TSO --> EMS	..... hour 00:00, until hour 24:00, CET	.....
Import EMS --> TSO	..... hour 00:00, until hour 24:00, CET	.....

Albania – Montenegro Border;

Direction	Period	ATC Capacity [MW]
Export TSO --> CGES	..... hour 00:00, until hour 24:00, CET	.....
Import CGES--> TSO	..... hour 00:00, until hour 24:00, CET	.....

Albania – Greece Border;

Direction	Period	ATC Capacity [MW]
Export TSO --> HTSO	..... hour 00:00, until hour 24:00, CET	.....
Import HTSO --> TSO	..... hour 00:00, until hour 24:00, CET	.....

The auction shall open on day**date /...../.....** hour on the address:

.....