

## REGULATION

### ON DEFINING THE STANDARD MINIMUM CRITERIA OF THE QUALITY OF SERVICE AND SUPPLY OF NATURAL GAS NETWORKS

#### PART I

#### GENERAL PROVISIONS

##### Article 1

##### Legal Basis

This Regulation is drafted in conformity with Article 16, point 18, Article 48, point 5, Article 53 point 5, Article 89, point 1 and 7, Article 94 points 5 and 8 of Law No. 102/2015 "On Natural Gas Sector"; Law No.9902, dated 17.4.2008, "On Customer Protection", Article 40.

##### Article 2

##### Purpose of the Regulation

- 2.1 Purpose of this Regulation is to define the minimum requirements of the performance quality for the natural gas services and supply to the end-use customer.
- 2.2 Having into consideration that the definition widely accepted from the industry for the "Quality of Service and Supply" in the natural gas transmission, distribution and supply area is wide, **this Regulation shall not be implemented as a special document** but together with;
  - a) The Licenses Conditions for the Natural Gas Transmission, Distribution and Supply services.
  - b) Natural Gas Transmission Code, Natural Gas Distribution Code, the Metering Code and any other respective Code.
  - c) Technical Standards of the Quality and Security drafted and approved from the Council of Ministers (or in draft process) in conformity with Article 10 of Law no. 102/2015 "On Natural Gas Sector" acknowledged as Gas Technical Rules (Practice Code for the Albanian Gas Sector).
  - d) "Standards for Handling the Customers Complaints from the Licensee in natural gas distribution and supply activities for the retail customers" approved by ERE.
  - e) "Regulation on Handling the Complaints Submitted from the Customer and Settling the Disputes between the Licensee, on Power and Natural Gas Sectors" approved with ERE Board Decision no. 114, dated 8.7.2016.
  - f) Regulation on New Connections in the Distribution and
  - g) Any other respective and effective legislation.

2.3 This Regulation is implemented for the Transmission System Operator (OST), Distribution System Operator for Natural Gas (OSSH-G) and the responsible Supplier for Public Service Obligation in conformity with Article 89 of Law no. 102/2015 “On Natural Gas Sector” as well as any other supplier in natural gas sector.

### **Article 3** **Definitions**

The terms used in this Regulation have the meaning provided on this Article, while any other term that is not defined on this Regulation, shall have the same meaning with the terms prescribed on Law No.102/2015 “*On Natural Gas Sector*”:

**"Supplier"** shall mean a company licensed to perform natural gas supply activity;

**"Customer Average Interruption Duration Index" or "CAIDI"** is a performance indicator defined on Article 4.7 of this regulation to access the average interruption duration for the affected customers.

**"Customer Average Interruption Frequency Index" or "CAIFI"** is a performance indicator defined in Article 4.8 of this regulation that is used to access the average frequency of the interruptions for the affected customers.

**"Customer"** shall mean a wholesale or an end-use customer of natural gas or a natural gas entity, that purchases natural gas;

**"Customer Basis" "CB"** regarding a related period (annual, six months or quarter periods) shall mean the average number of customers supplied according to the following form:

$$CB = \frac{A + B}{2}$$

Where;

CB = Customer Basis for the respective period.

A = total number of Distribution Customers at the beginning of the respective period.

B = total number of Distribution Customers at the end of the respective period.

**"Household customer"** shall mean a customer that purchases natural gas for household consumption and excludes a customer that uses natural gas for any commercial or professional activity;

**"Main Pipeline"** shall mean a large diameter pipeline, part of the distribution system, that serves to deliver and distribute natural gas to small diameter pipelines for the end – use and household customers.

**"Interruption"** shall mean any natural gas supply loss for the Customers related with a failure of operation of any part of the network including even the interruptions on the environment of a single

Customer, but excluding the interruptions caused by a retail supplier and/or seller or from a defect on natural gas equipments in the ownership of a Customer and having into consideration that:

- beginning of the *Interruption* is assumed to have occurred when the interruption is automatically registered from equipments such as *SCADA* or, on the cases when such equipments do not exist, on the time when the interruption is primarily observed (in any way) by the Distribution System Operator for Natural Gas or the Transmission System Operator for Natural Gas, or when the first *Customer* reports that there occurred *interruptions in the network*; and
- termination of an *Interruption* is assumed to have occurred when the interruption is automatically registered as terminated from equipments like *SCADA* or, on cases when such equipments do not exist, on the time when the natural gas supply is returned to the affected *Customers*<sup>1</sup>.

**"Planned Interruption"** shall mean a foreseen interruption from the Transmission and/or Distribution System Operator of natural gas service when the Customer (Customers) is/are by prior notifying for the Interruption in conformity with the effective legislation, network codes, rules and regulations.

**"Unplanned interruption"** shall mean an Interruption that is not foreseen by the Transmission and/or Distribution System Operator.

**"Extended Interruption"** shall mean an interruption of natural gas supply of a Customer at his supply point which duration is longer than 30 minutes, taking into consideration that the termination of the Extended Interruption shall be the moment of full recovery of supply for the Customer. The repetition in a short period of time of three or more interruptions with a duration not shorter than 15 minutes shall also be considered as Extended Interruption.

**"Quality of Performance Indicators"** or **"QPI"** are the predefined parameters used to measure the performance level of the services and natural gas supply from the Licensee as defined on Article 4 of this Regulation and other respective regulatory acts of natural gas sector.

**"Minimum Quality Performance Indicators"** or **"MQPI"** shall mean the minimum levels of the Quality of Performance Indicators, approved during the time from ERE Board for a specific regulatory period and attached to this Regulation as Annex 1.

**"System Average Interruption Duration Index (SAIDI)"** is a performance index defined in Article 4.5, used to access the average Extended Interruption for all the Customer Basis.

**"System Average Interruption Frequency Index" or "SAIFI"** is a performance index as defined in article 4.6, used to access the average frequency of the Extended Interruptions for all the Customer Basis.

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<sup>1</sup> It is possible that the number of affected customers during an Interruption shall be calculated.

**"The incentive scheme for the quality performance"** is an incentive financial scheme that ERE may approve in conformity with Article 7.4 of this Regulation to reward the DSO – G and other Licensees in natural gas sector to improve their quality of performance in services and supply.

## **PART II**

### **QUALITY & IMPLEMENTATION PERFORMANCE INDICATORS**

#### **Article 4**

#### **Quality of Performance Indicators**

Performance Indicators to access the Quality of Service and Supply regarding a specific period (year, six months or quarter) that shall be measured, registered and/or calculated from the Transmission and/or Distribution System Operator and shall be reported to ERE in conformity with Article 5 are as follows:

- 4.1 "Gas Flow Risk Index" is composed from the number of gas flows reported from the Customers or the third parties during the respective period. To be clear, the reports from the different third parties for the same gas flows shall be considered as the only case of the gas flow.
- 4.2 "Efficiency of reacting to emergency calls regarding gas flows" shall mean the percentage of cases that the DSO – G reached in the location within 90 minutes from receiving the report.
- 4.3 "Percentage of Customers with the Current Meter Reading" shall be calculated by the following formula;

$$MC(\%) = \left(1 - \frac{NMC}{CB}\right) * 100\%$$

Where;

MC = Percentage of Metered Customers or Factual Meter Reading (distance or visual reading) percentage of the Customer Basis.

NMC = Customers not measured or the total number of Customers without Meter Reading. This includes even the customers with damaged meter or technical defect at the moment of reporting the data from the Distribution System Operator, but excludes the customers which reported their meter reading to the DSO.

CB = Customer Bases as defined in Article 3.

- 4.4 "Notification performance for planned interruptions" or "PPI" shall mean the performance of the notified cases within the approved period and published for notification, which for

this Regulation shall be before 5 calendar days before for any planned interruption for maintenance, repair connection or other.

$$PPI(\%) = \left(1 - \frac{NNPI}{TPI}\right) * 100\%$$

Where:

NNPI = total number of the not notified interruptions including the prior informed ones, but not later than 5 calendar days.

TPI = total number of planned realized interruptions including the notified and not notified ones.

- 4.5 "System average interruption duration index" "SAIDI" shall mean the duration sum of all extended interruptions (in minutes) occurred during the respective period divided from the Customer Basis, according to the following formula;

$$SAIDI = \frac{\sum_{i=1}^K (D_i \times N_i)}{CB}$$

Where:

$D_i$  = duration of the Extended Interruption "i"

$K$  = total number of the Extended Interruptions events.

$N_i$  = number of Customers affected by the Extended Interruption "i"

CB= Customer Basis, as defined on Article 3.

- 4.6 "System average interruption frequency index (SAIFI)" shall mean the general number of the Extended Interruptions divided from the Customer Basis served during the respective period according to the following formula and issues information on average frequency of the Extended Interruptions for the customer in a predefined area to access the average frequency of the Extended Interruptions for all the Customer Basis.

$$SAIFI = \frac{K}{CB}$$

Where:

$K$  = total number of the Extended Interruptions events.

CB = Customer Basis, as defined on Article 3.

- 4.7 "Customer Average Interruption Duration Index" or "CAIDI" shall mean total duration of all Extended Interruptions (in minutes) divided with the total number of the Extended Interruptions occurred during the respective period, which is equivalent with the divided

SAIDI index with SAIFI index. This indicator represents the average time to reset the customers supply after the Extended Interruption event of natural gas supply and shall be reported for both; for any main Pipeline and for all the distribution network.

$$CAIDI = \frac{\sum_{i=1}^K D_i \times N_i}{K} = \frac{SAIDI}{SAIFI}$$

Where;

$N_i$  = number of Customers affected from the Extended Interruption "i".

$D_i$  = duration of the Extended Interruption "i".

$K$  = total number of the Extended Interruption events.

- 4.8 "Customer Average Interruption Frequency Index" or "CAIFI" shall mean the general number of the Extended Interruption divided with the number of the affected customers from the Extended Interruptions as identified below. It is used to show the interruptions for the customers and helps to show the number of affected customers compared with all the Customer Basis.

$$CAIFI = \frac{\text{Total number of the Extended Interruptions}}{\text{Number of the affected customers}}$$

- 4.9 "Performance Index for the Customer Complaint response" or "PICC" shall mean the percentage of the customers that for the submitted complaints get a response within the defined deadline in the "*Standards of Handling the Customer Complaints in Natural Gas Sector from the Licensee in Distribution and Supply activities for the Retail Customers*", approved with ERE Board decision. This indicator shall be implemented for all the Customer's complaints together except of their specific nature by using the following formula;

$$PICC(\%) = \left(1 - \frac{NRC}{TNC}\right) * 100\%$$

Where;

NRC = Number of complaints without response.

TNC = Total number of complaints received during the respective period.

- 4.10 "Performance Index in Settling the Customer's Complaints regarding the Pressure Quality" or "PIPQ" shall mean the percentage of Customer's complaints regarding the pressure deviations outside the predefined margins at the Transmission and/or Distribution Network Code which are settled by TSO-G and/or DSO-G within the approved timeframe. This indicator is implemented only for Customers with an annual consumption of not less than \_\_\_\_\_ MWh. The term for issuing the response is defined also on the Transmission and/or Distribution Codes approved from ERE Board.

$$PIPQC(\%) = \left(1 - \frac{NNFPQC}{TNPQC}\right) * 100\%$$

Where;

PIPQC = Performance Index to the complaints for pressure quality

NNFPQC = Number of complaints for the pressure quality unsettled within the time period

TNPQC = Total number of complaints for the pressure quality received during the respective period

- 4.11 "Performance Index in Settling the Customer Request for New Connection" or "PINC" shall mean the percentage of the Customer's requests regarding the New Connections which are fulfilled by the DSO within the time period provided on the "*Regulation for New Connections in the Transmission and/or Distribution Systems*" approved by ERE Board that shall be approved according to the following formula;

$$PINC(\%) = \left(1 - \frac{NDNC}{TRNC}\right) * 100\%$$

where;

PINC = Performance Index to the customer's requests to set new connections

NDNC = Number of late new connections which are not still set or are set beyond the approved timeframe

TRNC = Total number of requests for new connections received during the respective period

- 4.12 "Time to reconnect the Customers to which it is disconnected the natural gas supply because of failure to pay the obligations" or "ARTL" shall mean the average time received from DSO-G to reconnect the customer after notification from the Customer to reconnect it.

$$ARTL = \frac{\sum_{i=1}^K Di}{Nt}$$

Where;

ARTL = The average time of reconnecting the customers to whom it is disconnected the natural gas supply because of failure to pay the obligations

Di = time to reconnect the customer disconnected due to failure to pay the obligations "i" that is measured as duration from the moment the Supplier informs DSO-G-to reset the connection until the supply is realized and documented.

Nt = total number of customers disconnected because of failure to pay the obligations.

## Article 5

### Metering, Registration, Publication and Quality of Performance Indicators (QPI) report

- 5.1 Distribution System Operator, DSO-G and any other relevant Licensee are responsible for performing the necessary measures and the availability of all the data needed to calculate all the Quality of Performance Indicators of natural gas service and supply as defined on Article 4 of this Regulation.
- 5.2 Within one year from the entry into force of this Regulation, but not later than January 2021, DSO-G, TSO-G and any other respective Licensee shall construct appropriate equipment including the IT basis (information technology), capable to register and enable access to the current data and the historic ones of the Quality Performance Indicators. Also, beginning from this date the published information shall be structured according to Article 4 and Annex 1 of this Regulation in conformity with the best practices of that time industry. In case the information regarding one or more indicators is not available, the DSO - G, TSO - G or any other respective Licensee shall immediately inform ERE about it and shall submit a reasonable deadline to correct the situation. The above mentioned does not avoid ERE obligation to monitor the licensees.
- 5.3 Definitions of the Quality of Performance Indicators (QPI) and Minimum Quality of Performance Indicators (MQPI) shall be regularly published and updated on the DSO website after ERE Board approval in conformity with Article 10.3. The Guideline on Reporting the data from the licensee shall be approved by ERE.
- 5.4 The information shall be collected and registered progressively during the calendar year and the Quality of Performance Indicator shall be reported at ERE not later than 30 days by the end of the quarter month.
- 5.5 The quarter month reports, for the second, third and fourth quarter month except of the specific information of the respective quarter month shall contain even the progressive figures from the beginning of the respective year.
- 5.6 The annual report of the Quality of Performance Indicator (QPI) is an integral part of the TSO-G and DSO - G annual reports and shall begin no later than the reporting for 2021.

## **Article 6**

### **Managing the complaints**

- 6.1 DSO - G shall establish an integrated system of the complaint service including a phone line 24/24 which above all shall receive and register all the customer complaints and ensure that they shall be followed accordingly and that the process is registered and traceable.
- 6.2 DSO - G shall handle any customer complaint in conformity with the “Standards for handling the customer complaints of the Licensee in the natural gas distribution and supply activity of the retail customers” approved by ERE Board.



- 6.3 Customers which are not satisfied with the solution provided by the licensee may address at ERE, which shall handle it in conformity with the "*Regulation for Handling the Complaints Submitted from the Customer and Settling the Disputes between the Licensees, for Power and Natural Gas Sectors*" approved with ERE Board Decision no. 114, dated 08.07.2016.

### **Article 7**

#### **Monitoring and Surveillance**

- 7.1 ERE, implementing its competences and responsibilities issued with Law No. 102/2015 "*On Natural Gas Sector*" and Law no. 43/2015 "*On Power Sector*", shall provide the monitoring and surveillance to implement this Regulation.
- 7.2 The licensees, customers and all the responsible persons, which with their actions or inactions fail to comply with the Minimum Quality of Performance requirements, approved with this Regulation, are responsible according to the definitions of article 106 of Law no.102/2015 "*On Natural Gas Sector*" as amended and article 107 of Law no.43/2015 "*On Power Sector*" as amended.

### **Article 8**

#### **The penalties in case of failure to comply with the Minimum Quality of Performance**

##### **Indicators MQPI**

- 8.1 In conformity with Article 10.2 of this regulation, in all failure of comply cases by the DSO - G of the MQPI defined on this Regulation, the DSO shall be subject of a fine according to article 106 (1) (a) (x) of Law no.102 / 2015 "*On Natural Gas Sector*", as amended and the "*Regulation on the procedures of imposing and reducing the fines*".

### **Article 9**

#### **Failure of comply due to a Force Majeure**

- 9.1 When the DSO is not able to meet its obligations defined by this Regulation because of an event caused by a Force Majeure, it shall immediately notify ERE and all the affected parties giving details for the failure reasons and the expected duration of this inability.
- 9.2 During an active Force Majeure period, DSO – G obligations to comply with the Minimum Quality of Performance Indicators (MQPI) shall be suspended.
- 9.3 In case any of the affected parties from the failure to comply of the MQPI by the DSO - G because of a Force Majeure, accesses that the Force Majeure declaration in unjustified, it may refer this issue to ERE for its review and approval or to the Court.
- 9.4 If ERE observes that the reasons for failure to comply with the obligations defined in this Regulation are not caused by a Force Majeure and the appeal process approved this observation, DSO - G obligations shall not be considered suspended for the claimed period.

## **PART III**

### **FINAL PROVISIONS**

#### **Article 10**

##### **Transitory provisions**

The time period to implement the Minimum Quality of Performance Indicators.

- 10.1 The initial values of the MQPI are submitted on Annex 1 of this Regulation. They ensure indicative but not obligatory levels aimed during a two year transitory period beginning from January 2020. MQPI shall be reassessed by ERE according to the shown performance during the transitory period and the general situation of the natural gas sector.
- 10.2 DSO shall not be subject of a penalty because of failure to realize in conformity with the initial MQPI, before December 31 2022 as provided on Article 8.
- 10.3 DSO shall submit at ERE six months before the termination of the transitory period (30 June 2021) a proposal for the MQPI which shall be reviewed by ERE in conformity with the Rules on ERE Organization, Operation and Procedures. After the ERE approval they shall be obligatory to be implemented by DSO-G for the future period and any sub - performance shall be subject of Article 8.
- 10.4 Not earlier than November 2023 DSO – G may submit at ERE a proposal for Quality Performance Incentive Scheme to reward DSO-G and other Licensees in natural gas sector to improve the performance of the services and supply quality. The performance level shall be accessed to MQPI provided in Annex 1 of this Regulation, while the incentive level shall reflect the best practice from the Contractual Parties of Energy Community.

#### **Article 11**

##### **Settling the disputes**

Any dispute as result of not implementing this regulation, shall be handled by ERE in conformity with the "*Regulation for handling the complaints submitted from the customers to settle the disputes between the Licensee in Power and Natural Gas Sectors*".

#### **Article 12**

##### **Review and amendment**

This regulation may be reviewed and/or be amended only by ERE Board Decision.

#### **Article 13**

##### **Entry into force**

Regulation on defining the Standards and Minimum Criteria of the Quality of Service and Supply in Natural Gas Sector approved with ERE Board Decision no.100 dated 21.06.2019

This Regulation enters into force 30 days from the publication in the Official Gazette.

Annex 1

Minimum Quality of Performance Indicators

Initial Indicators of the Minimum Quality Performance of natural gas Service and Supply that shall be complied by the DSO

	Quality of Performance Indicator	Description	Unit	Expected performance level	Reference regulatory document	Parameters reference level
1	Gas flow risk index	No of gas flows reported from the third parties		Lowering	This Regulation	
2	Efficiency of reacting to emergency calls regarding gas flows	Number of the cases that the DSO arrives at the location within 90 minutes after the notification	%	Not less than 95%		
3	Percentage of Customers with the Current Meter Reading	$MC(\%) = \left(1 - \frac{NMC}{CB}\right) * 100\%$	%	Not less than 97%		
4	Performance of notifying the planned interruptions	$PPI(\%) = \left(1 - \frac{NNPI}{TPI}\right) * 100\%$	%	Not less than 95%	Network Code	5 calendar days before the notification for any planned intervention, maintenance, repair or other
5	System Average Interruption Duration Index (SAIDI)	$SAIDI = \frac{\sum_{i=1}^K (Di \times Ni)}{CB}$				
6	System Average Interruption Frequency Index (SAIFI)	$SAIFI = \frac{K}{CB}$				

7	Customer Average Interruption Duration Index (CAIDI)	$CAIDI = \frac{\sum_{i=1}^K Di \times Ni}{K} = \frac{SAIDI}{SAIFI}$				
8	Customer Average Interruption Frequency Index (CAIFI)	$CAIFI = \frac{\text{Total No of continuous interruptions}}{\text{No. of affected customers}}$				
9	Performance Index for the Customer Complaint response (PICC)	$PICC(\%) = \left(1 - \frac{NRC}{TNC}\right) * 100\%$	%			Standards of Handling the Customer's Complaints from the Licensees in natural gas Distribution and Supply activities
10	Performance Index to the complaints for pressure quality (PIPQ)	$PIPQC(\%) = \left(1 - \frac{NNFPQC}{TNPQC}\right) * 100\%$				Distribution Network Code Technical Regulation
11	Performance Index to Settle the Customer's Requests for New Connections (PINC)	$PINC(\%) = \left(1 - \frac{NDNC}{TRNC}\right) * 100\%$	%			Network Code or the Regulation for New Connections