



REPUBLIKA E SHQIPËRISË

ENERGY REGULATORY AUTHORITY

LICENSE

FOR THE OPERATION ACTIVITY IN NATURAL GAS STORAGE FACILITIES

License no. :

Series:

Company:

NUIS:

Effective date:

Duration:

Other Conditions:

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

[Chairman]

[ERE Seal]



REPUBLIKA E SHQIPËRISË
ENERGY REGULATORY AUTHORITY

LICENSE CONDITIONS
FOR
THE OPERATION ACTIVITY IN NATURAL GAS STORAGE FACILITIES

License Number: _____

Issued to: _____
(Full name of the Licensee)

Article 1
General Provisions

1. ERE is the only authority in the Republic of Albania, recognized according to Law No.102/2015 “On Natural Gas Sector”, as amended, to issue and declare the effectiveness of this License.
2. If any condition of this License becomes void or cancelled or ceases to be effective, this condition shall be removed from the License and the remaining Conditions of the License shall continue to be fully in force.
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”,as amended 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. on ERE initiative;
 - b. according to a final court decision;
 - c. when the conditions for which the license was issued, are amended;
 - d. upon 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 “Regulation on the procedures and terms of license issue, modification, transferring, or license removal on natural gas sector”.



Definitions and terms used in this License are defined according to:

- Law no. 102/2015, “On Natural Gas Sector” as amended;
- “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 for ERE Organization, Operation and Procedures approved with ERE board decision no. 96 dated 17.6.2016;
- Regulations and Rules belonging to Natural Gas Sector (the Legislation in force),

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 that the licensee may enter into with third parties, shall respect the principles set out in the Natural Gas Codes and 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 the exercise of the functions according to this license.
2. The licensee shall take the necessary measures to guarantee the technical and financial capabilities to carry out the licensed activity.
3. The licensee shall be registered as a participant of the Albanian natural gas market with the Natural Gas Market Operator, according to the registration procedures and shall implement the legislation in force and the decisions approved by ERE.
4. The licensee shall take all necessary measures to improve the operational and economic efficiency of the licensed activity, in order to ensure the quality and the sustainability of the provided services to the benefit of customers and the natural gas sector.
5. The licensee shall comply with all the rules of the Transmission System Operator approved by ERE, including the implementation of all operating orders, instructions, as well as the submission of technical information and all other documentation, as required by the Natural Gas Transmission Network Code and natural gas market rules.
6. The licensee shall apply the usage rules of the natural gas storage system that determine the development, management and usage of this system and in particular, provide:
 - a) the gas storage system description,
 - b) the development, construction and maintenance of the gas storage system,
 - c) the management and supervision of the gas storage system,
 - ç) contractual relations and general conditions for using the gas storage system,
 - d) reservations and usage of capacities in the gas storage system,
 - dh) trading with the gas storage system capacities,
 - e) rights and obligations of the gas storage system operator and user,
 - ë) measurement rules and distribution rules,
 - f) publication of data and the exchange of information,
 - g) connection to other parts of the gas system,
 - gj) compensation of damages

Article 4

Accounting and Reporting

1. The licensee shall keep accounting records and prepare financial balances in accordance with the legislation in force and international accounting standards. The Licensee shall submit at ERE the annual financial balances within March 31 of each year.

The licensee maintains separate financial accounts for other gas activities, which may be consolidated, keeping separate the accounts that are not related to the activities provided in this law.

2. The licensee keeps separate accounts for each of the licensed activities that it exercises, as well as for any other activity that is not related to the natural gas sector, in order to avoid cross-subsidization and distortion of competition. These accounts may be presented consolidated, unless the activities performed relate to the distribution or transmission of natural gas.
3. The licensee is required to prepare and submit at ERE on January 31 of each year, an annual report related to its operations during the previous calendar year, which contains the following:
 - a) a summary and analysis of the operation in the licensed activity;
 - b) the amount of gas stored, as well as the cost of storage service;
 - c) any interruption of activity, as well as a description of the reasons for the interruption;
 - d) a summary and analysis of the contracts entered into for the provision of the storage service of natural gas and during the reporting year.
4. The licensee shall submit at ERE, upon its request and according to the approved form and term, any information that is considered necessary in order for ERE to perform its authorized regulatory responsibilities.
5. The licensee shall make available to ERE, the ministry, the Competition Authority and other respective authorities the respective data, for at least 5 year period, regarding all transactions in the contracts concluded for purposes of performing the storage services of natural gas and its derivatives, with the customers, the TSO, storage system operators and LNG system.
6. These data are also made available to the Energy Community Secretariat for the same period.
7. The data shall include details for the respective transaction characteristics such as: duration, bid rules and settling the disputes, the quantity, dates, time of executing the contract, transaction price, identification means for the involved customers, details for all the unpaid contracts.
8. ERE may make available to the market participants certain data, declared by the Licensee, on the condition that the commercial sensitive information shall not be published.
9. The Licensee shall inform ERE within 10 days for any change of the:
 - a) official address including the electronic address;
 - b) the Licensee statute;
 - c) registration certificate;
 - d) NUIS;
 - e) Senior management;
10. All the official notifications, the applications, petitions, claims or other correspondences with ERE regarding the License should be in the written form and respectively signed by an authorized official or designated legal representative of the Licensee or ERE and shall be send by courier or registered mail requiring a verification of the receipt.

The addresses of the Parties should be on the envelope. All the notifications or other correspondences shall be considered effective from the delivery moment or if they are not delivered because of the sender's fault, from the moment of presentation. All notifications sent by the official e-mail previously communicated by the parties shall also be accepted.

Article 5 Use of Information

1. According to the law, the Transmission Code, the Distribution Code, the "Natural Gas Market Rules" and the requirements of the relevant regulations, the licensee shall ensure that any information received from others as a result of its licensed activity, shall not be given to anyone unless:
 - a) has the prior written consent of the Person to whom the information relates;
 - b) the information is public;
 - c) When the Licensee is required or permitted to disclose the information to comply with the Conditions of this License according to an ERE order, or any applicable legal provision;
2. Upon the request of ERE, the licensee shall take all necessary steps to protect the confidential information in its possession and shall submit at ERE reports relating to the compliance with the obligations provided in Article 7.
3. The information sent to ERE by the Licensee shall be considered public except of the cases when upon a specific request of the Licensee, ERE by decision defines that this information is of ownership nature and its disclosure does not serve to the public interest.

Article 6 Regulatory Tariffs

1. The Licensee shall pay the regulatory tariffs defined by ERE during the term of this License in conformity with article 14 of Law 102/2015 "On Natural Gas Sector", as amended.
2. If the Licensee does not pay to ERE the regulatory tariffs within the deadline required by ERE, the Licensee shall be fined according to article 106, of Law 102/2015 "On Natural Gas Sector" as amended, as well as the "Regulation on the conditions and procedures of imposing the fines and the concrete measure for any violation".

Article 7
Monitoring the Performance of the Licensed Activity

1. ERE shall monitor the licensee's compliance with the license terms, review the reports received from the licensee and is authorized to inspect the licensee's financial records at all times and may request a technical and / or financial audit of the licensee 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 measures and the license removal

- 2.1 If the licensee does not meet the conditions of this license, ERE may apply administrative measures, according to article 106, of law no. 102/2015, "On natural gas sector", as amended.
- 2.2 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 License removal on Power and Natural Gas Sector".

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 when performing their activity;
 - c) endangers the citizens life, health and property;
 - d) does not pay the regulatory tariffs imposed by ERE,
 - e) becomes financially incapable or requires to declare bankruptcy
 - f) has filed a request for license removal
 - g) has ceased to perform the certain functions according to the license.

If the Licensee changes his legal status or the main shareholder/partner that controls the Licensee's interests is changed without ERE authorization, then the licensee shall be subject to imposition of the administrative measures based on article 106 of Law no.102/2015 "On Natural Gas Sector" as amended.

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 shall have the technical and financial ability to fulfill the terms and conditions of this License.

Any transfer of this License without ERE approval shall be cancelled and constitutes a violation of this License.

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.

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.

Article 10

Emergency situations

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.

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 shall undertake to restart the normal activity.

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.

Article11
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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ENERGY REGULATORY AUTHORITY

LICENSE

FOR THE OPERATION ACTIVITY IN NATURAL GAS STORAGE FACILITIES

License issued to: _____
(Full name of the Licensee)

Series: _____ License no. _____

Effective date of this Annex: _____

ANNEX

TECHNICAL DATA

- Geographical location of the underground storage facility _____
- Maximum storage volume. _____
- Maximum underground reservoir pressure. _____
- Number of wells and their maximum injection and production debits. _____
- Number of storage facilities _____
- Type of gas that is stored _____