



REPUBLIKA E SHQIPËRISË

**ENERGY REGULATORY AUTHORITY**

**BOARD**

**DECISION**

**No. 78, Dated 13.04.2022**

**ON**

**THE ALBANIAN ELECTRICITY BALANCING MARKET RULES, APPROVED WITH  
DECISION NO. 106, DATED 02.07.2020**

Based on Article 16, point 5, of Law no. 43/2015, "On Power Sector", as amended; as well as Article 15 of the "Rules on ERE Organization, Operation and Procedures", approved with ERE Board Decision, no. 96, dated 17.06.2016; ERE Board on their meeting dated 13.04.2022, after reviewing report Protocol no. 486 dated 08.04.2022, prepared by the Technical Directories, "On the proposal of TSO company for the Albanian electricity balancing market rules, approved with decision no. 106, dated 21.12.2021",

**Observed that:**

- TSO company through official letter Protocol no. 5977/7 dated 09.12.2021, submitted the proposal at ERE on *Albanian electricity balancing market rules*, approved by decision no. 106, dated 02.07.2020"
- ERE Board with decision no. 255, dated 21.12.2021, "On the proposal of TSO company for the *Albanian electricity balancing market rules*, approved with decision no. 106, dated 02.07.2020", decided, among other things, as follows:

-Partial acceptance of the proposal of TSO company "On the Albanian electricity balancing market rules ", approved with decision no. 106, dated 02.07.2020.

-To open the procedure to review point 2 of ERE Board decision no. 89, dated 31.03.2021, "On Albanian electricity balancing market rules from April 1, 2021".

-To open the procedure for the amendment of the Rules of the "Albanian electricity balancing market rules ", approved with ERE board decision no. 106, dated 02.07.2020, regarding financial guarantees.

-TSO company shall submit at ERE the relevant analysis for the calculation of the minimum value of the financial guarantee of 10 million ALL.

-The extension of the legal effects of point 2, of ERE Board decision no. 155, dated 30.06.2021, until April 15, 2022.

- Following ERE board decision no. 255, dated 21.12.2021, through official letter Protocol no. 1 dated 05.01.2022, TSO company made an announcement on ERE decision and with official letter Protocol no. 358 dated 09.03.2022, ERE reminded the parties to express their respective opinions regarding ERE Board decision no. 255/2021.
- ERE board decision no. 255/2021, has been published on the official website of ERE, [www.ere.gov.al](http://www.ere.gov.al).
- *The Albanian Renewable Energy Association through official letter Protocol no. 1810/139 dated 24.03.2022, states, among other things, that: "Regarding the proposal of TSO company, we consider that the placement of an optimal collateral is very important for the safety of the operation and we generally agree with the values".*
- Regarding the above mentioned by the Albanian Renewable Energy Association through official letter Protocol no. 1810/139 dated 24.03.2022, it is evaluated that the general opinions submitted regarding the progress of the electricity balancing market on some issues are not part of ERE Board decision no. 255/2021.
- *ERE Board decision no. 255/2021, defined: The opening of the procedure for the review of point 2, ERE Board decision no. 89, dated 31.03.2021, "On the Albanian electricity balancing market rules from April 1, 2021".*
- *Point 2 of ERE board decision no. 89, dated 31.03.2021, "On the Albanian electricity balancing market rules from April 1, 2021", stipulates that: The financial guarantee mechanism that TSO company shall apply to the participants in the balancing market shall be the one defined in the Transitional rules for electricity balancing mechanism approved with ERE board decision no. 193, dated 24.11.2017.*
- The opening of the procedure to review the proposal of TSO company through official letter Protocol no. 5977/7 dated 09.12.2021, addressed with ERE board decision no. 255/2021, is related to the financial guarantees which are being applied in the electricity balancing market. For this point, the Albanian Renewable Energy Association in official letter Protocol no. 1810/139 dated 24.03.2022, declares that: *"Regarding the proposal of TSO company, we consider that the placement of an optimal collateral is very important for the safety of the operation and we generally agree with the values".*
- If the Albanian Renewable Energy Association considers necessary that other changes should be made in the Electricity Balancing Market Rules approved with ERE board decision no. 106/2020, it shall make a request at ERE in accordance with the legal acts in force where it shall present arguments on the need for changes in the balancing market rules in force and which are in force since April 1, 2021.
- TSO company through official letter Protocol no. 1413/2, dated 29.03.2022, protocolled at ERE with Protocol no. 316/2 dated 30.03.2022, provided the relevant clarifications for the Albanian Renewable Energy Association.
- Also following the communication, KESH company through official letter Protocol no. 1434 dated 17.03.2022, protocolled at ERE with Protocol no. 395, dated 23.03.2022, presented at ERE as follows: *"In response to the proposal of TSO company made through official letter*

*Protocol no. 5977/7, dated 09.12.2021, regarding the Albanian Electricity Balancing Market Rules and especially the rules for financial guarantees of market participants, we agree in principle with the proposals and we hope that such a proposed measure from TSO company shall have a positive effect also in the direction of the timely settlement of obligations towards the Balancing Service Providers, obligations which for KESH (in the role of the Balancing Service provider) have become an obstacle for the regular exercise of commercial activity, moreover in the conditions when we operate in the Albanian electricity market under the public service obligation".*

- Free Market Supplier company through official letter Protocol no. 757/1 protocolled at ERE with Protocol no. 358/2 dated 06.04.2022, states the following: *"Following your official letter Protocol no. 358 dated 09.03.2022, with subject: "Reminder for obtaining an opinion regarding ERE Board decision no. 106, dated 02.07.2020", based on the proposals of TSO company submitted with official letters Protocol no. 5977/7 dated 09.12.2021 and Protocol no. 1893 dated 23.03.2022, documents that are published on the official website of the Energy Regulatory Authority, we state that since TSO company is in the process of full evaluation and revision of the Albanian Balancing Market Rules, Free Market Supplier company/ "OSHEE " company shall submit the thoughts/opinions after being informed with the changes of the Balancing Market Rules".*
- In point 4 of ERE board decision no. 255, dated 21.12.2021, "On the proposal of TSO company for the Albanian electricity balancing market rules, approved with decision no. 106, dated 02.07.2020", it was decided that: *"TSO company shall submit at ERE the relevant analysis for the calculation of the minimum value of the financial guarantee of about 10 million ALL".*
- Regarding what is requested in this point of ERE Board decision, TSO company through e-mail communication protocolled at ERE with Protocol no. 1/1, dated 20.01.2022, submitted several calculations and tables used to derive the minimum value of the financial guarantee of 10 million ALL.
- It is evaluated that TSO company in accordance with the provisions of point 4, of ERE board decision no. 255/2021, shall bring a complete analysis for what was requested and not just the table of values used in the analysis.
- Taking into consideration all of the above, TSO company which made the proposals through official letter Protocol no. 5977/7 dated 09.12.2021, for which the review process was initiated with ERE board decision no. 255/2021, through official letter Protocol no. 1893 dated 23.03.2022, protocolled at ERE with Protocol no. 395/1 dated 24.03.2022, which was published on the official website of ERE, presented as follows: *"With official letter Protocol no. 5977/7 dated 09.12.2021, TSO company based on the situation created by the energy crisis throughout Europe, which has also affected Albania, requested the revision of the financial guarantee in accordance with the regulatory acts in force. Meanwhile, TSO is conducting the analysis for the implementation of the rules of the balancing mechanism during the 1-year period. Under these conditions, the committee responsible for the review*

*of the rules, especially influenced by the conditions of the crisis, is evaluating all scenarios in order to have a complete and comprehensive review of the rules of which the financial guarantee is an integral part. For all of the above, TSO would request for your understanding that the proposals related to the revision of the financial guarantee to be taken into consideration by ERE, after TSO presents the package of changes to the Albanian balancing market rules (an integral part of which is the financial guarantee). Hoping that our proposal shall be taken into consideration by you, we are open for any further clarification".*

- Regarding what was submitted by TSO company in the aforementioned official letter it is evaluated as follows:
  - The Albanian Electricity Balancing Market Rules approved with ERE board decision no. 106/2020 in point: 3.3.1 determines that: "ABM rules can be changed based on reasons justified by TSO company, ERE or by any market participant through a request submitted at TSO company, TSO company shall establish a Committee responsible for changing the Rules, which can initiate the change of the Albanian Balancing Market Rules and TSO company shall officially submit the proposed change at ERE".
  - TSO company through official letter Protocol no. 1893 dated 23.03.2022, informs that: The responsible committee set up for the review of the rules, especially influenced by the crisis conditions, is evaluating all scenarios in order to have a complete and comprehensive review of the rules a component part of which is the financial guarantee.
  - The establishment of the responsible committee by TSO company in order to evaluate every aspect of the Albanian Electricity Balancing Market Rules approved with ERE board decision no. 106/2020, is a positive element and creates an increased opportunity for market participants to submit at TSO company as an electricity balancing market operator, their experience and evaluations regarding the improvement of the rules if necessary.
  - In these circumstances, to create a better opportunity for all members of the electricity market to express their respective assessments in the committee established by TSO company and in order to have a harmonization of the changes in the balancing market rules, the part of the financial guarantees under review shall be assessed in the following, with the presentation by TSO company of the proposal referred to in official letter Protocol no. 1893 dated 23.03.2022.
  - At the same time in the responsible committee TSO company shall present and discuss with the interested parties and the relevant analysis for the calculation of the minimum value of the financial guarantee of 10 million ALL, analysis which was brought incomplete through e-mail communication at ERE.
- Consequently, it is considered reasonable to close the procedure initiated with ERE board decision no. 255, dated 21.12.2021, "On the proposal of TSO company, for the Albanian electricity balancing market rules, approved with decision no. 106, dated 02.07.2020".
- All the proposals made by the interested parties, respectively KESH company and the Albanian Renewable Energy Association, as part of the consultation process of ERE board

decision no. 255, dated 21.12.2021, shall be taken into consideration by TSO company in the respective committee, as well as by ERE at the time of reviewal of the proposals that shall be submitted by TSO company as expressed in official letter Protocol no. 1893 dated 23.03.2022.

- In point 3, of ERE board decision no. 89, dated 31.03.2021, it was decided that: "For the period up to June 30, 2021, the time period of the processes that include the nominations and the respective calculations of the imbalances shall be carried out with a time interval of about 1 hour".
- As evidenced in point 3 of decision no. 89/2021 it is determined that: "The time period of the processes that include the nominations and the respective calculations of the imbalances shall be carried out with a time interval of 1 hour".
- Regarding this definition, TSO company through official letter Protocol no. 1892 dated 23.03.2022, protocollated at ERE with Protocol nr. 400, dated 24.03.2022, submitted as follows:
  - *Following ERE official letter Protocol no. 5977/7 dated 09.12.2021, where in the conditions of the declaration of the state of emergency in the electricity supply, pursuant to Council of Ministers decision no. 584 dated 08.10.2021, TSO was obliged to suspend the investments planned for 2021, also creating a slowdown in the implementation process on the DAMAS electronic platform of the specifications that reflect the fulfillment of the provisions of the Albanian Electricity Balancing Market Rules, approved with ERE Board Decision No. 106, Dated, 02.07.2020.*
  - *Taking into consideration the necessary time for the development of the procedure for the implementation process on the DAMAS electronic platform of all the necessary specifications in accordance with the rules in force, and found in the conditions of disapproval of the investment plan for 2022. TSO estimates that a longer period is required to finalize this fundamental process for the balancing market operation.*
  - *For all of the above, TSO requests your understanding for the approval of the extension of the period provided for in point 5 of ERE Decision No. 255, dated 21.12.2021 until 31 December 2022.*
- Regarding what was submitted by TSO company regarding this point it is evaluated as follows:
  - TSO company throughout the time period from April 1, 2021, the moment when the operation of the electricity balancing market began based on the Albanian Electricity Balancing Market Rules approved with ERE board decision no. 106/2020, did not apply the 15-minute resolution, as the time period of the processes that include nominations and the respective calculations of imbalances, but the time interval of 1 hour.
  - Throughout this period of the electricity balancing market operation in the periodic reports made by TSO company no problem has been identified in the balancing market which is related to the time interval of 1 hour in which the processes involving the

- nominations and the respective calculations of imbalances in the market are carried out.
- Similarly, other participants of the electricity market who operate in the balancing market have not submitted at ERE concerns or problems related to the time interval of 1 hour in which the processes involving nominations and respective calculations of imbalances in the market are carried out.
  - At the same time, as a result of the situation created in the energy sector as a whole, but also of electricity in particular, based on Article 100 of the Constitution of the Republic of Albania, as well as Article 90 of Law no. 43/2015, "On Power sector", as amended, the Council of Ministers with Decision no. 584, dated 08.10.2021, decided "On the Declaration of the State of Emergency in the Electricity Supply.
  - Suspension of investment plans of public companies with Council of Ministers decision no. 584, dated 08.10.2021, has as its main purpose the creation of the necessary funds to cover the purchase of electricity at increased costs, to guarantee the supply of electricity to consumers.
  - TSO company through official letter Protocol no. 1892 dated 23.03.2022 protocolled at ERE with Protocol no. 400 dated 24.03.2022, has evidenced the fact that in the conditions of announcing the state of emergency in electricity supply, pursuant to Council of Ministers decision no. 584, dated 08.10.2021, TSO has been obliged to suspend the investments planned for 2021, also creating a slowdown in the implementation process on the DAMAS electronic platform of the specifications that reflect the fulfillment of the provisions of the Albanian Electricity Balancing Market Rules, approved with ERE Board decision no. 106, dated 02.07.2020.
  - Declaration of technical impossibility by TSO company because the specifications that enable the application of the 15-minute resolution as the time period of the processes including the nominations and the respective calculations of imbalances have not been implemented on the DAMAS platform, it would make it impossible to operate the balancing market in this time resolution. As a result, the obligations deriving from law no. 43/2015 "On Power sector" as amended, on the role of TSO in providing the balancing service in the market, would remain incomplete.
- ERE Board with decision no. 108, dated 22.04.2021, approved "The common settlement rules for exchanges of energy in accordance with the articles 50(3) and 51(1), of Commission Regulation (EU) 2017/2195". These rules are applied by the TSOs of continental Europe member of ENTSO - E, from June 1, 2021. Currently, for TSO company the application of these rules is being carried out with a time interval of 1 hour. In this context, the application of the time interval of 1 hour in the internal electricity balancing market does not bring any consequences for this mechanism.
  - Considering the fact that TSO company through official letter Protocol no. 1893 dated 23.03.2022, protocolled at ERE with Protocol no. 395/1 dated 24.03.2022, informs that: The responsible committee established for the review of the Albanian electricity balancing

market rules, approved with ERE Board decision no. 106, dated 02.07.2020, is evaluating all scenarios in order to have a complete and comprehensive review of the rules, part of which includes the review of the 15-minute time interval in the balancing market processes, that includes the nominations and the respective calculations of the imbalances, it is evaluated as sufficient time for the preparation of these changes and their submission at ERE for review until September 30, 2022.

- Under these conditions, it is necessary to partially accept the proposals made by TSO company through official letter Protocol no. 1893 dated 23.03. 2022, protocolled at ERE with Protocol no. 395/1 dated 24.03.2022, and official letter Protocol no. 1892 dated 23.03.2022, protocolled at ERE with Protocol no. 400 dated 24.03 2022. This element would enable the operation of the balancing market with a time interval of 1 hour in the processes of the balancing market, which includes nominations and respective calculations of imbalances, which remains the only possibility for the operation of this the market.

For all of the above mentioned, ERE Board

**Decided:**

1. To close the procedure opened with ERE board decision no. 255, dated 21.12.2021, "On the proposal of TSO company for the Albanian electricity balancing market rules, approved with decision no. 106, dated 02.07.2020".
2. Until September 30, 2022, the time period of the processes in which the nominations and the respective calculations of the imbalances are included shall be carried out with a time interval of 1 hour.
3. The Legal Directory shall informed the included parties about ERE Board decision.

This decision enters immediately into force.

Each party involved in this procedure can request ERE, within 7 calendar days from the date of the decision, to review the board's decision in case it has provided new evidence that could lead the board to make a decision different from the previous one or for detected material errors. This decision can be appealed to the Tirana Administrative Court, within 30 calendar days from the day of publication in the Official Gazette.

This decision shall be published in the Official Gazette.

**ERE CHAIRMAN**

**Petrit AHMETI**