



REPUBLIKA E SHQIPËRISË

**ENERGY REGULATORY AUTHORITY
BOARD**

DECISION

No. 166, Dated 28.06.2022

ON

**SETTING THE PURCHASE PRICE OF ELECTRICITY PRODUCED FROM SMALL
RENEWABLE SOLAR SOURCES WITH AN INSTALLED CAPACITY OF UP TO 2
MW FOR 2022".**

Based on Article 10, point 2,16 and 19 of Law no. 43/2015 “On Power Sector”, as amended; Article 10, point 3 of Law no. 7/2017 “On the promotion of the use of energy from renewable resources”, Council of Ministers Decision no.369, dated 26.04.2017, “On approving the methodology to define the electricity purchase price generated from wind and solar small renewable resources”, Council of Ministers Decision no.580, dated 28.8.2019 “On approving the national consolidated action plan for the energy renewable resources, 2019-2020” as amended and 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 28.06.2022, after reviewing the report Protocol no. 935/8, dated 24.06.2022, prepared by Tariff and Prices Directory, On setting the purchase price of electricity produced from small renewable solar sources with an installed capacity of up to 2 MW for 2022".

Observed that:

- ERE has the obligation to determine the purchase price of electricity produced from small renewable sources from the sun and wind, based on article 10, point 3 of Law no. 7/2017 "For promoting the use of energy from renewable sources" and Council of Ministers Decision no. 369, dated 26.04.2017, “On approving the methodology to define the electricity purchase price generated from wind and solar small renewable resources”,
 - ERE Board with decision no. 27, dated 14.02.2022, decided to open the procedure “On setting the purchase price of electricity produced from small renewable resources from the sun, wind and the biodegradable part of solid waste that utilise the industrial, urban and rural wastes for 2022”
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- ERE with official letter Protocol no. 342, dated 02.03.2022, informed the Ministry of Infrastructure and Energy (MIE), the Competition Authority (CA), the Minister of State for Enterprise Protection (MSHMS), the Albanian Investment Development Agency (ASZHI), as well as the Free Market Supplier (FTL), regarding the opening of the procedure for determining the purchase price of electricity produced from small renewable sources from the sun, wind and from the biodegradable part of solid waste that utilise the industrial, urban and rural wastes for 2022.
 - MIE with official letter Protocol no. 2842, dated 01.04.2022, expressed that, based on Council of Ministers Decision no. 822, dated 7.10.2015 “On the approval of the rules and procedures for the construction of new generation capacities of electricity, not subject to concession”, as amended, for 2022 approved the construction of new photovoltaic electricity generation capacities with a capacity of about 2 MW for 5 entities.
 - Also, by means of the aforementioned official letter, MIE submitted for reference the Business Plans presented by the entities holding the final approval.
 - Council of Ministers Decision no. 369, dated 26.04.2017, “On approving the methodology to define the electricity purchase price generated from wind and solar small renewable resources” has determined the criteria for calculating the price, based on the reasonable return of investment value, according to the type of technology used. The basis of the methodology adopted with the aforementioned Council of Ministers Decision is the calculation of the cost of electricity production from renewable sources through the LCOE calculation formula (levelized cost of electricity).
 - The purchase price of electricity produced by small renewable solar sources with an installed power of up to 2MW is an average price and as such, following the practices of previous years, all the calculation components of this price are averaged.
 - For the calculation of LCOE, data on the necessary components were taken into consideration, from the following sources:
 - The business plans of the entities holding the final approval, as submitted by MIE (Investment cost, operating expenses, annual degradation of production, lifetime of the inverter);
 - Council of Ministers Decision no. 580, dated 28.08.2019 "On approving the national consolidated action plan for renewable energy sources, 2019-2020", as amended (weighted average cost of capital, support period and average working hours);
 - IEA study (International Energy Agency- Renewables 2021 Analysis and forecast to 2026);
 - MDPI Study – A Review of the Degradation of Photovoltaic Modules for Life Expectancy.
 - Pursuant to the above and starting from the experience created for determining the purchase price of electricity produced by photovoltaic production plants up to 2MW and wind power plants up to 3MW in previous periods, the purchase price of the produced energy has been calculated of photovoltaic plants for 2022, using the excel model designed by AGORA in its study for Albania.
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- In the respective contracts between the entities holding the final approval and MIE, it is determined that the investment assessment may undergo possible changes, with agreement between the parties, at any time during the implementation of the project for the construction of the wind farm, as well as MIE based on the final report of testing and after submission by the holders of the final approval of the full report of expenses for the construction of the work, shall issue the Certificate of acceptance of the work according to the legislation into force.

For all of the above mentioned, ERE Board

Decided:

1. To approve the purchase price of electricity produced by photovoltaic plants with an installed capacity of up to 2 MW of 97.21 Euro/MWh, for 2022
2. Any change in the legal and by-laws into force shall constitute a reason for the revision of this decision by ERE.
3. Tariff and Prices Directory shall inform the interested 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