



REPUBLIKA E SHQIPËRISË
ENERGY REGULATORY AUTHORITY
BOARD

DECISION

No. 242, Dated 23.09.2022

ON

**THE REQUEST OF FSHU COMPANY REGARDING THE COSTS THAT SHALL
BE INCLUDED IN THE CALCULATION OF THE RETAIL PRICE OF
ELECTRICITY FOR HOUSEHOLD CUSTOMERS WITH CONSUMPTION
OVER 800 KWH PER MONTH**

Based on article 83,85,90 of Law no.43/2015 “On Power Sector” as amended; article 12 of the Code of Administrative Procedures of the Republic of Albania; Council of Ministers Decision no.584, dated 08.10.2021 “On declaring the state of emergency for electricity supply” as amended; Council of Ministers Decision no.456, dated 29.06.2022 “On some amendments in Council of Ministers Decision no.584, dated 08.10.2021 “On declaring the state of emergency in electricity supply; “Methodology on Defining the Retail Electricity Sale Price for the End-Use Customers Supplied from the Universal Service Supplier (FSHU) approved with ERE Board decision no.189, dated 23.11.2017 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 23.09.2022, after reviewing the report Protocol no. 1610/1 dated 21.09.2022 prepared by the Tariff and Prices Directory “On the request of FSHU company regarding the costs that shall be included in the calculation of the retail price of electricity for household customers with consumption over 800 kwh per month”,

Observed that:

- The Universal Service Supplier (FSHU) company with official letter Protocol no. 6358, dated 20.09.2022, submitted at ERE the request for the approval of the sale price of electricity for the consumption of electricity over 800 kWh/month for household customers, due to the increase in the cost of purchasing electricity that is procured for the purpose of covering the needs of FSHU company from the Albanian Power Corporation (KESH) company, based on the General Assembly decision no. 6645/1, dated 08.09.2022, in which it was decided that the electricity price for household customers for consumption over 800 kWh/month shall be 34.3 ALL/kWh
- FSHU company informed:
 - The addition of the expenses for the electricity purchase shall also have to increase the annual cost of electricity purchase for 2022.

- The actual expenses based on the 8-month data and predicted for 2022 as well as those for 2023, are different from those taken into consideration in the calculations of ERE, for the correction of which FSHU company must state in the application document for retail prices for customers supplied by it.
- According to the predictions of FSHU company among other things, the cost estimates must be supplemented with the cost of electricity purchase as well as the increased cost of bad debt influenced by the increase in the price of purchasing electricity from KESH company for household customers with consumption over 800 kWh/month.
- The cost per unit of bad debt, in ERE Board decision no. 74, dated 13.04.2022 "On ERE evaluations regarding the cost of the Universal Service Supplier activity for 01.05.2022 – 31.12.2022 period" was calculated to be 0.53 ALL per kWh, meanwhile FSHU company requests to recognize a cost of bad debt at the level of 0.68 ALL/kWh as a result of the increase in the price of electricity purchase for October - December 2022 period from KESH company, which was calculated based on the collection rate used in these calculations, to the extent of 95% according to the Decisions of the Albanian Government in the Financial Consolidation Plan.
- ERE with decision no. 74, dated 13.04.2022, carried out its evaluations for the costs of the Universal Service Supplier activity for 01.05.2022 - 31.12.2022 period, considering the transfer of the costs of the activity of transmission and distribution of electricity, including the cost of purchasing electricity as well as calculating their effects on the retail prices of end-use customers served by FSHU company, for 01.05.2022 - 31.12.2022 period. Through the aforementioned decision, ERE decided that the retail prices of electricity for May 1 - December 31, 2022 period are those approved with ERE board decision no. 252, dated 21.12.2021.
- FSHU company proposed the recognition of the cost of electricity purchase for household customers who shall consume over 800 kWh/month with a value of **1820 million ALL**, for October - December 2022 period, which together with other accompanying costs evidenced above, results in a sale price of electricity for this category of customers of about **42.95 ALL/kWh**.
- The Council of Ministers with decision no. 456, dated 29.06.2022, decided to approve the conditions for imposing the public service obligation, which shall be applied to licensees in the power sector, who exercise the activity of production, transmission, distribution and supply of electricity. In article 4, point 7 of this decision it is determined that it is also applicable for coping with the emergency situation in the electricity supply, according to article 90 of the law no. 43/2015, "On Power Sector", as amended, for which the Council of Ministers with decision no. 256, dated 29.4.2022 decided to extend the effects until December 31, 2022.
- The public service obligation imposed by the Council of Ministers, among other things, defines the obligation of KESH company to supply electricity to all customers who are supplied under universal service conditions by FSHU company. In accordance with the aforementioned Council of Ministers Decision, the General Assembly of Shareholders of KESH company., through decision no. 6645/1, dated 08.09.2022, established in point 1 thereof, the approval of the electricity sales price for FSHU company, according to the following table:

Electricity sold for consumption to household customers in Low Voltage, up to 800 kWh/Month	2.6 ALL/kWh
Electricity sold for consumption to household customers in Low Voltage, over 800 kWh/Month	34.3 ALL/kWh
Electricity sold for consumption to non-household customers	2.6 ALL/kWh
Electricity sold for consumption to customers connected to Medium Voltage, 6/10/20 KV	12 ALL/kWh

- The applicable price for consumption above 800 kWh/month for household customers shall cover the costs of purchasing electricity, which have increased exponentially in the regional and European energy market, and does not affect the selling price of electricity for household customers that consume up to 800 kWh/month, as well as all non-household customers due to the fact that there is no change in the tariffs for the use of electricity transmission and distribution networks.
- The request presented by FSHU company on the need to bear additional costs for the purchase of electricity, constitutes a high public interest in the context of guaranteeing the supply of electricity and managing the situation of the energy crisis, for which the Council of Ministers has declared a state of emergency, as well as is based on law no. 43/2015 "On Power Sector", as amended, which states that its main purpose is to guarantee stable and safe supply of electricity to end-use customers.
- The request submitted for review by FSHU company meets the conditions provided for in Article 12 of the Code of Administrative Procedures, taking into consideration the guarantee of stable and safe supply of electricity to end-use customers as well as the state of emergency in electricity supply, announced by the Council of Ministers.
- It is considered necessary to recognize the additional costs of purchasing electricity from the company charged with the public service obligation for the supply of electricity to customers who are supplied by the universal service supplier, apart from those approved in ERE Board decision no. 74, dated 13.04.2022 (the General Assembly of KESH with decision no.1349/1, dated 16.02.2022, "On the approval of the economic-financial program of KESH company for 2022 forecast of 2023- 2026", has decided, among other things, that the electricity sale price for customers served by FSHU company shall be 2.6 ALL/kWh), in order to ensure the necessary liquidity for the realization of the electricity supply activity based on public service obligation.
- Based on the need for income from the increase in the cost of electricity purchase and the uncertainties of realizing other supply costs, it is estimated that the price of 42 ALL/kWh for household consumption over 800 kWh/month recovers the cost of purchasing electricity by ensuring the necessary liquidity for the FSHU company, in order to guarantee the safety of electricity supply.

- The company and DSO company shall take measures to strictly observe the deadline of 30 calendar days for the reading and billing of electricity, defined in Article 11 of the "General Terms of "the general conditions of the universal service contract for the supply with electricity of the end use customers" approved with ERE Board decision no. 15, dated 10.01.2018, in order to protect all household customers from any possible incorrect billing.

For all of the above mentioned, ERE Board

Decided:

1. To approve the electricity sale price of about 42 ALL/kWh for consumption over 800 kWh/month for household customers for October 1 - December 31, 2022 period.
2. The amendments, according to point 1, of this decision, for October 1 - December 31, 2022 period, are reflected in the table attached to ERE board decision no. 74, dated 13.04.2022.
3. Universal Service Supplier (FSHU) company and DSO company, shall regularly report at ERE on the periodic reading of the electricity meter of household customers, respecting the deadline of 30 calendar days, according to the provisions in Article 11 of the "the general conditions of the universal service contract for the supply with electricity of the end use customers" approved with ERE Board decision no. 15, dated 10.01.2018"
4. The Legal Directory shall inform the Universal Service Supplier (FSHU) company, DSO company and 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

**ELECTRICITY RETAIL PRICES FOR END-USE CUSTOMERS SERVED BY THE
UNIVERSAL SERVICE SUPPLIER FOR 1 OCTOBER-31 DECEMBER 2022
PERIOD**

Description	The price of active energy (ALL/kWh)	** The price of active energy in peak hours (ALL/kWh)
* Sale price for customers in 20 kV	11	12.65
* Sale price for customers in 10/6 kV	11	12.65
* Bakeries, wheat production at 10/6 kV	7.1	8.17
*Electricity sale price for customers connected at Medium Voltage and customers with meters in Low Voltage	12.4	14.3
* Customers at 0.4 kV	14	16.1
* Bakeries, wheat production at 0.4 kV	7.6	8.74
*Cult facilities/religious communities	9.5	
Household customers with consumption up to 800 kWh/month	9.5	
Household customers with consumption over 800 kWh/month	42	
Price for electricity consumption in common areas (staircase lighting, pump, elevator)	9.5	

** Customers who have met the legal and/or technical conditions for entering the liberalized electricity market are not subject to these prices*

***Peak hours during which the price for the energy consumed at the peak shall be applied is:*

- For November 1 - March 31 period from 18:00 to 22:00

- For April 1 - October 31 period from 19:00 to 23:00