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REPUBLIKA E SHQIPËRISË  
**ENERGY REGULATORY AUTHORITY**  
**BOARD**

**DECISION**

**No. 243, Dated 23.09.2022**

**ON**

**THE REQUEST OF TSO COMPANY FOR THE DETERMINATION OF THE  
ELECTRICITY TRANSMISSION TARIFF FOR 2023 AND 2023-2025 PERIOD**

Based on article 16,19, letter “c”, point “i”, article 21 and article 55 of Law no. 43/2015, “On Power Sector”, as amended; Council of Ministers Decision no. 456, dated 29.06.2022 “On the approval of conditions for the imposition of the public service obligation, which will be applied to licensees in the electricity sector, who exercise the activity of production, transmission, distribution and supply of electrical energy”, article 15 and article 19, point 1 letter “c” and point 3 of the Regulation for ERE organization, operation and procedures, approved with ERE Board decision no. 96, dated 17.06.2016; “Electricity transmission tariff calculation methodology” approved with ERE Board decision no.180, dated 08.11.2017, as well as ERE Board decision no.244, dated 26.11.2018 “On the approval of the unified and standardized system of accounts for the licensees in the power sector for the transmission, distribution activities and for the universal service suppliers for electricity ” ERE Board on their meeting dated 23.09.2022, after reviewing the report Protocol no. 1522/1, dated 21.09.2022, prepared by the Tariff and Prices Directory “On the request for application of the electricity transmission tariff for 2023 and 2023-2025 period”,

**Observed that:**

- Transmission System Operator (TSO) Company with official letter Protocol no. 5303, dated 31.08.2022 (protocolled at ERE with Protocol no. 1522, dated 06.09.2022), submitted at ERE the request for an application for the electricity transmission tariff for 2023 as well as for 2023-2025 period, which is in accordance with the deadlines provided in point 1 of article 21 of the "Regulation for ERE Organization, Operation and Procedures", approved with ERE Board decision no. 96, dated 17.06.2016.
  - ERE Board with decision no. 72, dated 13.04.2022, approved the electricity transmission tariff of about 0.85 ALL/kWh, for the regulatory period May 1, 2022– December 31, 2024.
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- TSO company submitted for approval at ERE the electricity transmission tariff for 2023 as well as for 2023-2025 period, in the amount of 2.18 ALL/kWh.
  - The application of TSO company submitted at ERE for approval, refers to a new regulatory period of 3 years (2023-2025), different from the one requested by the company and approved by ERE with the aforementioned decision, which does not rely on the predictions of the Methodology for calculating transmission tariffs, in terms of regulatory principles and stability of tariffs over time.
  - In this application, it is established that TSO company has reviewed all the costs or components of the required increased income, from those evaluated and approved by ERE Board with decision no. 72, dated 13.04.2022. Contrary to what is provided in the above-mentioned Methodology, TSO company has not submitted the correctable/adjustable elements of the average ceiling tariff or the required income, which, pursuant to point 7, of its article 11, provides that an adjustment/correction is made in the average ceiling tariff in the following year, despite the fact that adjustments are made in the following regulatory period.
  - With Council of Ministers decision no. 456/2022, the cost of purchasing energy for the losses shall be covered by KESH company throughout the duration of the state of emergency in the electricity supply, with the price of purchasing energy from the existing priority producer, a price which has a ceiling value of about 8.5652 ALL/kWh.
  - The measures taken by the Albanian government regarding the state of emergency for supply, which are provided for in the provisions of Council of Ministers decision no. 456/2022, related to the procurement of losses in the electricity transmission network by TSO company, as well as other revenues realized during this period, enable the company to bear this expense, without affecting the average transmission tariff approved with ERE Board decision no. 72/2022.
  - ERE Board with decision no. 230, dated 12.09.2022, approved the contract for the sale and purchase of electricity between the public production company, charged with the obligation of public service "KESH company" and the Transmission System Operator (TSO) company for covering losses in the transmission system for 02.07.2022 until 31.12.2022 period.
  - Among other things, the Methodology provides in point 10 of article 11 that in the event of a "force majeure" that disrupts the transmission system, TSO company can submit a request to ERE at any time for permission to adjust the electricity payment in the transmission tariff so that TSO company collects a specific additional amount of income but aiming to achieve stable and predictable transmission tariffs.
  - As long as the company has not faced an extraordinary expense or a force majeure event, then in application of the Methodology's predictions, the components that shall be correctable in the second year of the regulatory period (2023) are those which are related to: the cost of losses, the realization and capitalization of investments as well as the amount of energy delivered to the network, elements that may have undergone exponential changes in the base year of the regulatory period (year 2022) from those foreseen in the decision for the transmission tariff for the 3-year regulatory period 2022-2024.
  - The methodology for calculating the electricity tariff does not allow the correction of other
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operating and capital costs year after year within the regulatory period.

- ERE Board in the observations of decision no. 72/2022 stated that TSO company shall present the investment plan for the regulatory period 2022-2024 and the update of the transmission network development plan for the 10-year period, 2015-2025, in implementation of the "Regulation on procedures for submitting and approving the investment plan of electricity transmission and distribution operators", approved with ERE board decision no. 135, dated 06.09.2017 and the specifications of point 3 of Council of Ministers decision no. 584/2021.
- TSO company has not submitted at ERE for review the investment plan for the period in which the regulatory period 2022-2024 extends, as well as the update of the "10-year transmission network development plan (2015-2025)" approved with ERE board decision no. 212, dated 28.12.2017. TSO company with official letter Protocol no.3788, dated 15.06.2022 submitted at ERE the request for the approval of the investments plan for 2022, contrary from the obligation established from ERE Board decision no. 72 dated 13.4.2022 cited above.
- In the conditions when TSO company has not faced extraordinary expenses and force majeure events for 2022, the request of the company for the application of the electricity transmission tariff for 2023 and the regulatory period 2023-2025, is evaluated as unreasoned and not supported by the provisions of the legislation in force.

For all of the above mentioned, ERE Board

**Decided:**

1. Not opening the procedure to review the request for the application of electricity transmission tariff for 2023 and for the regulatory period 2023-2025, of about 2.18 ALL/kWh.
2. The Legal 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**

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