



REPUBLIKA E SHQIPËRISË
KUVENDI

LAW

No. 24/2023

ON

THE PROMOTION OF THE USE OF ENERGY FROM e SOURCES¹

In accordance with Articles 78 and 83 paragraph 1 of the Constitution, with the proposal of the Council of Ministers,

THE ASSEMBLY OF THE REPUBLIC OF ALBANIA

DECIDED:
CHAPTER I

GENERAL PROVISIONS

Article 1

Purpose

The purpose of this Law is to:

- a) promote the increase of use of energy from renewable sources to ensure a sustainable development of the Republic of Albania and to comply with its commitments under the Energy Community Treaty;
- b) reduce the import of fossil fuels, greenhouse gas emissions and protect the environment in compliance with the international commitments of the Republic of Albania in line with the relevant international treaties or agreements;
- c) promote the development of the renewable energy and its regional integration as well as facilitate participation of electricity from renewable sources in it;
- d) increase the diversification of the energy sources and the security of energy supply in the Republic of Albania;
- e) promote the development of rural and isolated areas by improving their supply with energy.

¹ This law is partially alligned with 2018/2001 (EU) Directive of the European Parliament and of the Council, of date 11 December 2018 "On the promotion of the use of energy from renewable sources", as amended". CELEX no. 32018L2001, European Union Official Gazette, Series L, no.328, of date 21.12.2018, pages .82-209.

Article 2

Subject matter

This Law establishes:

- a) the legislative framework for the promotion of use of energy generated from renewable sources
- b) the binding national objectives and reporting obligations for the contribution of energy from renewable energy sources in gross final energy consumption;
- c) the rules on information, certification and statistics;
- ç) the rules on collaboration mechanisms;
- d) the rules for the support of energy generation from renewable sources;
- dh) the rules for access and operation of the networks for renewable sources of energy and their connection with the electricity grid on Albanian territory;
- e) the rules for issuing, transferring and cancelling the Guarantees of Origin for the energy generated from renewable sources;
- ë) the legislative framework for the use of energy from renewable sources of energy in the heating, cooling and transport sectors; and;
- f) the rules for integrating renewable self-consumers and energy communities in the power sector.

Article 3

Definitions

In this Law the following terms have the following meaning:

“Aggregator” means a market participant engaged in aggregation;

“Aggregation” means an activity performed by a natural or legal person who combines multiple customer loads or generated electricity for sale, purchase or trade in any electricity market.

“Biomass” means the biodegradable fraction of products, waste and residues from biological origin from agriculture (including vegetal and animal substances), forestry and related industries including fisheries and aquaculture, as well as the biodegradable fraction of waste, including industrial and urban waste of biological origin;

“Agricultural biomass” means biomass produced from agriculture;

“Forestry biomass” means the biomass produced from forestry.

“Strike Price” means the winning price achieved in a competitive process at which the Priority Producer shall sell electricity under the support scheme, in case of physically settled agreements, or whose difference to the reference Price shall be settled financially.

“Reference price” shall mean the price set regarding the Albanian day ahead market that is operated by the Albanian Power Exchange according to the definitions of the support scheme. The calculation of the reference price and the rules for handling negative prices shall be defined on documents for any competitive process and on the supporting contracts according to Articles 12,13 and 14 of this Law. If the reference price is negative, it shall be considered zero to regulate CfD.

“Renewable energy obligation” shall mean a fix tariff that is applied for final customers to cover the costs of the Renewable Energy Operator according to the respective quantity of measured and delivered energy from their respective suppliers, calculated according to the principles defined on this law and the methodology that shall be approved by ERE.

“Ambient energy” means naturally occurring thermal energy and energy accumulated in the environment with constrained boundaries, which can be stored in the ambient air, excluding in exhaust air, or in surface or sewage water;

“Energy from renewable sources” shall mean the energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic), geothermal, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases;

“ERE” shall mean Energy Regulator Authority.

“Renewables Support Fund” shall mean a fund set-up from renewable energy obligation to cover the cost of the support schemes established by this Law;

“Guarantee of origin” shall mean an electronic document which has the sole function of providing proof to a final customer that a given share or quantity of energy was produced from renewable sources;

“Must-run capacity” shall mean the amount of output of the generators which, for the reasons related to safe operation of the system, must be connected to the transmission/distribution grid;

“Renewable Energy Community” shall mean a legal entity:

- a) which is based on open and voluntary participation, is autonomous and is effectively controlled by shareholders or members that are located in the proximity of the renewable energy projects that are owned and developed by that legal entity;
- b) the shareholders or members of which are natural persons, SMEs or local authorities, including municipalities;
- c) the primary purpose of which is to provide environmental, economic or social community benefits for its shareholders or members or for the social areas where it operates, rather than financial profits;

“Gross final energy consumption” shall mean the entire amount of energy delivered to the territory of the Republic of Albania, for industrial purposes, transportation, for the household sector, for different services, including public and private services, agriculture, forestry and fisheries, including electricity consumption and heat by the energy branch for electricity, heat and transport fuel production, as well as loss of electricity and heat in the transmission and distribution system.

“Contract for Difference” (CfD) means a type of financially settled contract for support whereby the Renewable Energy Operator pays to the Priority Producer the difference between the Strike Price and the Reference Price when the Reference Price is lower than the Strike Price, and the Priority Producer pays the difference to the Renewable Energy Operator when the Reference Price is higher than the Strike Price;

“Contract for support” means the contract through which the Priority Producer is granted support according to this Law.

“Contract for premium” means a type of contract for support whereby a fixed premium (that can

be positive or negative depending on the result of a competitive process) or a sliding premium (as the difference between the Strike Price and Reference Price) is paid by the Renewable Energy Operator to Priority Producers on top of the market price;

“**CfD Conversion**” means the conversion of a PPA to a CfD in accordance of Article 30 of this Law;

“**Biomass fuels**” means gaseous, liquid and solid fuels produced from biomass;

“**Power Purchase Agreement (PPA)**” means a type of a support contract/agreement, where the purchaser guarantees obligatory physical support of the electricity generated from the generator for a fixed price.

“**Renewables power purchase agreement**” shall mean a contract under which a natural or legal person agrees to purchase renewable energy directly from an electricity generator.

“**Existing PPA**” shall mean a Power Purchase Agreement concluded with an Existing Priority Producer;

“**Residue**” means a substance that is not the final product that a production process directly seeks to produce; it is not a primary aim of the production process and the process has not been deliberately modified to produce it.

“**Minister**” means the minister responsible for energy.

“**Ministry**” means the ministry responsible for energy;

“**Energy sharing**” shall mean the transferring, within a renewable energy community, renewable energy that is produced by the production units owned by that renewable energy community.

“**Micro, small or medium enterprises**” are micro, small, medium enterprises according to the definition of the effective legislation for the development of micro, small and medium enterprises.

“**Generation unit**” means a facility which transforms the energy from renewable sources directly into electricity or heating.

“**Renewable Energy Operator (REO)**” shall mean the entity defined in Article 16 of this Law.

“**Residual energy mix**” shall mean the total annual energy mix excluding the share covered by cancelled guarantees of origin.

“**NECP**” shall mean the National Energy and Climate Plan according to Article 14(4) of Law No. 155/2020 “On Climate Change”.

“**Competitive process**” shall mean an open, transparent, non-discriminatory and competitively procedure that enables the participation of a sufficient number of bidders in order to determine the level of support and beneficiaries.

“**Demonstrative Producer**” shall mean a producer that produces/generates electricity from innovative resource or for research purposes.

“**Priority producer**” shall mean any electricity producer from renewable energy sources benefitting from a supporting scheme according to the provisions of this law

“Existing Priority Producer” means a Priority Producer that from the entry into force of this Law has signed a project development agreement with the Ministry, or has granted with the prior approval for the construction of the photovoltaic production capacity up to 2 MW, the aeolian up to 3 MW and for the hydro power plants with installed capacity of about 15 MW.

“Demonstration project” means a project demonstrating a technology as a first of its kind in the European Union and Energy Community and representing a significant innovation that is beyond the technology of art;

“Smart grids” shall mean energy networks that may automatically monitor energy flows and adjust to changes in energy supply and demand accordingly;

“Solar photovoltaic systems” means a system comprised of photovoltaic generating units that is used to transform solar energy into electricity which is transformed within this plant to be injected into the electricity networks.

“Support scheme” means any instrument, scheme or mechanism applied, which promotes the use of energy from renewable sources by reducing the cost of that energy, increasing the price at which it can be sold, or increasing the volume of such energy purchased, including but not restricted to, investment aid, tax exemptions or reductions, tax refunds, and direct price support schemes;

“Feed-in tariff” means the fixed price paid for electricity to a Priority Producer;

“Technology-neutral” means any technology for the production of electricity from renewable energy sources;

“Peer-to-peer trading” of renewable energy means the sale of renewable energy between market participants by means of a contract with pre-determined conditions governing the automated execution and settlement of the transaction, either directly between market participants or indirectly through a certified third-party market participant, such as an aggregator. The right to conduct peer-to-peer trading shall be without prejudice to the rights and obligations of the parties involved as final customers, generators, suppliers or aggregators;

“Third country” shall mean any country which is not an EU Member States nor an Energy Community Contracting Party;

“Renewables Self-Consumer” means a final customer who generates renewable electricity for its own consumption and who may store or sell self-generated renewable electricity provided that, for non-household renewables self-consumer, those activities do not constitute its primary commercial or professional activity;

“Jointly acting renewables self-consumers” means a group of at least two jointly acting renewables self-consumers who are located in the same building or multi-apartment block;

“Net invoicing” shall mean the monthly invoice of the Distribution System Operator, granted to the self-generators for the difference between the invoice and the consumed amount of electricity, the amount of electricity that is self-produced and self-consumed to the invoice for the amount of

electricity introduced to the grid for the invoicing period.

Article 4

Definitions terms on other Laws

For any other term used on this Law there is the same meaning with the definitions listed on Law no. 43, dated 30/04/2015 “On power sector”, as amended and Law no 124 dated 12.11.2015 “On Energy Efficiency”, as amended.

Article 5

Duties of the Agency responsible for renewable energy

1. The agency responsible for renewable energy is an institution under the supervision of the Minister, which has the main duties and responsibilities as follows:

- a) creating, recording, updating and publishing the registry of Priority Producers;
- b) registering the electricity produced on a monthly basis by each Priority Producer;
- c) monitoring of concessionary agreements, and those not object of concession for the construction of new energy generation sources, the compliance of contractual obligations, calculation and application of the company penalties for non-compliance of obligations, the testing of the generation plants and the issuing the Certificate of Plant Approval according to the signed contract, the assessment and certification of the performed investment.
- c) contributing to the drafting and periodic revisions, in collaboration with the Ministry, of the NECP within the deadlines defined by the law;
- d) monitoring the implementation of the NECP;
- dh) creating and submitting to the Ministry and ERE by the 1st of June of each year an evaluation of the share of energy generated from renewable sources as compared to the gross final consumption of energy for the previous year;
- e) developing all required documents and submitting them for approval to the Ministry responsible for energy as provided in Article 6 and 8, of this Law.

2. The Council of Ministers, upon the Ministers’ proposal, appoints the institution, which shall have the following main duties of the agency responsible for renewable energy.

CHAPTER II

NATIONAL TARGET FOR THE USE OF ENERGY FROM RENEWABLE SOURCES AND INFORMATION

Article 6

National objectives

1. The national target for the share of energy from renewable sources in gross final consumption of energy and the indicative trajectory are set on the National Plan of Energy and Climate, which is approved from the Council of Ministers with the proposal of the Minister. The part of energy from renewable sources to the gross final consumption of energy on 2030 shall be 54.4%.

2. The share of energy from renewable sources shall be calculated as the gross final consumption of energy from renewable sources divided by the gross final consumption of energy from all energy sources, in line with the methodology approved by the Council of Ministers, with the proposal of the Minister.

3. The Republic of Albania shall have the right to implement the cooperation measures with other contracting parties of energy community or EU member states, to reach the targets of the National Plan for Energy and Climate

Article 7

Integrated reporting related to the National Energy and Climate Plan

1. The Ministry shall report to Energy Community Secretariat on the status of implementing the National Plan of Energy and Climate by an integrated national report of energy and climate.

2. The integrated national energy and climate report shall cover the following elements:

a) information on the progress accomplished towards reaching the objectives, including progress towards the Energy Community climate-neutrality objective, targets and contributions set out in this Law and the integrated national energy and climate plan, and towards financing and implementing the policies and measures necessary to meet them, including a review of actual investment against initial investment assumptions;

b) information on the policies and measures adopted, or intended to be adopted and implemented, to address the recommendations issued by the Energy Community Secretariat towards meeting Albania's objectives, targets and contributions, its reference points for renewable energy, or in implementing the policies and measures set out in its integrated national climate and energy plan;

c) information on implementing the following trajectories and objectives:

i. indicative national trajectory for the overall share of renewable energy in gross final energy consumption from 2025 to 2030;

ii. estimated trajectories defined in the NECP for the sectoral share of renewable energy in final energy consumption from 2025 to 2030 in the electricity, heating and cooling and transport sector;

iii. estimated trajectories per renewable energy technology to achieve the overall and sectoral trajectories for renewable energy from 2025 to 2030, including total expected gross final energy consumption per technology and sector in MTOE and total planned installed capacity per technology and sector in MW;

iv. trajectories on bioenergy demand, disaggregated between heat, electricity and transport, and on biomass supply, by feedstock and origin (distinguishing between domestic production and

- imports). For forest biomass, an assessment of its source and impact on the LULUCF reduction;
- ç) if indicated in the NECP or the applicable law, other national trajectories and objectives, including those that are long-term and sectoral (such as share of electricity produced from biomass without the utilisation of heat, share of renewable energy in district heating, renewable energy use in buildings, renewable energy produced by cities, renewable energy communities and renewables self-consumers), energy recovered from the sludge acquired through the treatment of wastewater;
- d. on the implementation of the following policies and measures:
- i. implemented, adopted and planned policies and measures to achieve the national target for renewable energy, including sector- and technology-specific measures, with a specific review of the implementation of measures laid down in Chapter V of this Law;
 - ii. where available, specific measures for regional cooperation between two or more Energy Community Contracting Parties and/or EU Member States engaged in a partnership covering one or more of the five dimensions of the Energy Union;
 - iii. specific measures for the financial support to promote the use of energy from energy renewable sources, heating, cooling, and transport, without prejudicing to the prohibition of anti-competitive measures;
 - iv. when applicable, the assessment of the support for electricity from renewable sources that the Republic of Albania shall perform pursuant to Article 31 point 2 of this Law;
 - v. specific measures regarding administrative procedures, permit granting and notification for grid connection and training;
 - vi. where applicable, specific measures to assess, make transparent and reduce the need for must-run capacity that can lead to curtailment of energy from renewable sources;
 - vii. a summary of the policies and measures put in place to promote and facilitate the development of renewables self-consumption and renewable energy communities;
 - viii. measures promoting the use of energy from biomass, especially for new biomass mobilisation taking into account biomass, including sustainable biomass availability as well as measures for the sustainability of biomass produced and used;
 - ix. measures in place to increase the share of renewable energy in the heating and cooling and transport sector;
 - x. policies and measures facilitating the uptake of contracts for support as defined under this Law;
- dh) the additional information as set out in Article 25 of this Law.

Article 8

Non-compliance of national indicators

1. The Ministry shall take additional measures when the reference point of the indicative trajectory of the Republic of Albania on 2027 is not complied.
1. Where the Energy Community Secretariat concludes that the reference point of the indicative trajectory of the Republic of Albania in 2027 was not met, the Ministry or if the Ministry so decides, the agency responsible for renewable energy sources shall ensure that additional measures are implemented within one year following the date of reception of the Secretariat's assessment in order to cover the gap compared to their national reference point, such as:
 2. Some of the additional measures undertaken to reach the reference point of the national indicative trajectory are as follows:
 - a) increase of renewable energy quantity in the country;
 - b) review of renewable energy to the heating and cooling sector set out in Chapter V of this Law;
 - c) review renewable energy in the transport sector set out in Chapter V of this Law;

- c) making a voluntary financial payment to the Energy Community renewable energy financing mechanism once set up, contributing to renewable energy projects;
- d) using cooperation mechanisms set out in Article 6 point 3 of this Law;
- dh) any other measure recommended by Energy Community Secretariat.

Article 9

Information, certification, and statistics

1. The Ministry shall set available the information regarding the benefits costs for the development and use of renewable sources of energy, as well as the supporting measures for all the stakeholders.
2. On the official website of the responsible Ministry for Energy shall be published updated information on the net benefits, cost and energy efficiency of equipment and systems for the use of heating, cooling and electricity from renewable sources.
3. The Council of Ministers with the proposal of the Ministry approves the criteria for the equivalent qualification schemes for installers heat pumps and small-scale biomass stoves, photovoltaic solar systems and thermal solar systems, shallow geothermal systems and heating pumps. The awarded certificates from the other parties of energy community according to these criteria shall be equivalent with the certificates issued from the Ministry.
4. The Ministry shall develop appropriate information, awareness-raising, guidance or training programmes in order to inform citizens of how to exercise their rights as active customers, and of the benefits and practicalities, including technical and financial aspects, of developing and using energy from renewable sources, including renewable self-consumption or in the framework of renewable energy communities.
5. All entities that produce energy from renewable sources shall under the obligation submit to the agency responsible for renewable energy sources their annual energy generation data, on the annual energy generation, all the data for the payment of financial obligations, as well as other data defined from the agency not later than March 31 of each year. The Agency shall cooperate even with the network operators to implement this obligation.

CHAPTER III

PROMOTING ELECTRICITY GENERATION FROM RENEWABLE ENERGY SOURCES

Article 10

Support measures for electricity produced from renewable sources

1. The Council of Ministers, with the proposal of the minister approves the supporting measures, the rules and procedures to benefit from these measures, to promote the achievement of the national objective for the energy renewable sources. According to Council of Minister Decision, the minister determines the detailed rules to implement the issue of the support measures to energy renewable sources.
2. Any support measures constituting State aid shall be subject to prior approval by the State aid commission in accordance with the legislation in force for state aid.
3. Support to Priority Producers shall be granted through a competitive process in line with Article 13 of this Law, except for support for demonstrative projects under Article 15 of this

Law.

4. For the existing priority producers, the energy purchase price from the hydro resources with installed capacity up to 15 MW is set by ERE according to the methodology approved from the Council of Ministers, with the proposal of the Minister. The methodology shall define the criteria of calculating the price, based on the organized electricity market price, to its establishment, with organized comparative prices of the neighbour countries, plus a defined bonus for the promotion of these sources that takes into consideration a reasonable return of the investments value. On each case, this price shall not be lower than the price approved by ERE on 2016.

5. For the existing priority producers, the electricity purchase price from photovoltaic and eolian sources is defined by ERE according to the methodology approved by the Council of Ministers, with the proposal of the minister. The methodology defines the criteria of calculating the price, based on the reasonable return of the investment value according to the type of the used methodology.

Article 11

Balancing responsibility and flexibility

1. Priority producers, including the existing priority producers, are financially responsible for their imbalances. According to the balancing market rules and other procedures approved by ERE, they shall become a balance responsible party or transfer such responsibility to another balance responsible party or balance responsible group. Terms and conditions of the balancing service agreement are to be freely determined between the balancing group responsible party and the participant of the balancing group.
2. Electricity produced by Priority Producers not delivered to the grid but stored in own storage facilities is considered as delivered for the purpose of calculating the support, at the when the injection is planned to the grid.
3. Priority Producers shall have the right to use their facilities or other storage facilities to cover all the costs to mitigate the imbalance risk and if it is permitted by their support schemes, to benefit from the difference per hour by shifting injection to the grid.
4. The Renewable Energy Operator, at its own cost, may use storage facilities to optimize overall imbalance costs and to benefit from the difference per hour of delivery shifting.
5. The Priority producers may provide balancing services if they comply the technical criteria defined from the transmission system operator. The stored, produced or restricted electricity under the voluntary participation on the balancing mechanism shall not be subject to the support scheme.
6. The Transmission System Operator ensures to the Operator for Renewable Energy the respective required information to compensate the payment of the supporting scheme according to Point 5 of this Article.

Article 12

Supporting schemes

1. The support for electricity generation from renewable sources may take the form as follows:

- a) a power purchase Agreement;
 - b) contract for difference;
 - c) contract for premium.
2. Prior to the set-up of a liquid day-ahead electricity market in accordance with Article 30 of this Law, the support may be granted as an electricity purchase agreement, which must be subject to a conversion of a Contract for Difference after the set-up of a liquid day-ahead electricity market, in line with Article 30, paragraphs 4, 5 and 6 of this Law.
3. The form of the support scheme is defined prior to the launch of each competitive process by the Ministry.

Article 13

The competitive process

1. The Ministry may decide that the competitive process shall be technology-neutral or restricted to a specific technology.
2. The Ministry in defining the restricted competitive process in specific technology shall take into consideration the specific criteria and in particular:
 - a) the longer-term potential of a technology;
 - b) the need to achieve diversification of sources
 - c) network constraints and network stability;
 - ç) system integration costs;
 - d) the need to avoid distortions on the raw material markets from biomass support;
 - dh) if a process open to all technologies would lead to an unfavourable result.
3. The procedure of a competitive process shall be initiated and implemented based on a public call.
4. A public and the documents of a competitive process shall in particular contain the following information:
 - a) if the competitive process shall be neutral to technology or restricted to a specific technology;
 - a) if the procedure is realized on one or two stages and who has the right to submit a request to participate on each stage;
 - b) capacity provided in the competitive process;
 - ç) if applicable, the maximum tariff for the guaranteed price (price cap);
 - c) the approach and form of the request for participation in the competitive process,
 - dh) list of documents to be submitted along with the application for participation in the competitive process,
 - d) conditions for qualification and competition;
 - ë) conditions for the selection of the construction area, as well as the grant of the land that is part of support for the project realization;
 - e) conditions for the bids assessment;
 - f) the terms for participation at the competitive process;
 - gj) terms for implementing the project;
 - g) support issued to this competitive process;
 - h) conditions for participating to a balancing group or the services to issue the access to the market from a third party, which may be set available to the priority producer with the selection right;
 - i) approval from the State Aid Commission in accordance with the state aid legislation in force.
 - j) other elements estimated from the Ministry.
5. Detailed rules for the organization of the competitive procedure are defined by the minister.

Article 14

Contract for support

1. The contracts for support shall include:
 - a) general conditions, which consist of a set of standardized contractual conditions and terms which are similar across all comparable projects.
 - b) individual conditions, which consist of specific applicable conditions to individual projects and/or choices between the options available under the General Terms.
2. General conditions of the standard contract for support are approved by Energy Regulator Authority.
3. In a competitive process, the Minister may on priority publish as part of the documents of the competitive period the general and individual conditions of the respective contract for support.
4. Contracts for support shall generally have a maximum duration of 15 years.

Article 15

Support measures for demonstration projects

1. Support for demonstration projects shall be granted through a Council of Ministers Decision which shall define the demonstration projects and their form of support.
2. Demonstration projects of an installed capacity lower than 10.8 kW are subject to simplified grid connection procedures through the notification for grid connection directed to the Distribution System Operator.
3. The connection to the grid through the notification for connection is enabled to demonstration projects with an installed capacity of up to 10.8 to 50 kW only for the cases when it is maintained the stability, reliability and safety of the distribution grid.

Article 16

Renewable Energy Operator

1. The Renewable Energy Operator is the counterparty to Priority Producers eligible for support in accordance with this Law through the Contracts for Support, or supported through the Feed-in Tariff System through Power Purchase Agreements.
2. The Renewable Energy Operator shall be set-up and registered by the Ministry, within 6 months from the entry into force of this Law, as a legal trading entity which is independent from any existing power sector undertakings. The Renewable Energy Operator is set-up in the form of the shareholder entity with its capital 100 % owned from the Ministry.
3. REO shall be the the electricity purchaser of all priority producers that are with support in the form of a PPA and shall allocate this energy directly on the organized market.
4. REO shall bear contracting responsibility to any Priority Producer's counterparty for settlement of payments resulting from any Contract for support under this Law.
5. REO shall keep an *online* public register of Priority Producers eligible for support, showing for each such generator a file that contains:
 - a) the name and location of such generators;
 - b) date of admission to the contract for support, form and level of support;
 - c) support provided since the date of admission to the support scheme;
 - ç) the end date of the support period;
 - d) Support in relation to balancing responsibility for the Priority Producers that are exempted from balancing responsibility.

6. REO shall manage the Renewables Support Fund, mainly used to cover the costs of the support schemes as follows:

a) the payable differences between the Strike Price and the Reference Price for Priority Producers granted support in the form of a CfD and the payments of the premium for Priority Producers granted support in the form of Contracts for premium;

b) the Feed-in tariffs for Priority Producers granted support in the form of PPAs;

c) the day-to-day operational and maintenance costs of REO, including but not limited to the cost of financing, market access, working capital and cost of provisioning reserves to ensure the financial liquidity and solvency of the Renewable Support Fund on a rolling basis.

7. The Roles and Responsibilities of the Renewable Energy Operator, including the calculation process and the systematic update of the Renewables Support Fund shall be approved with Council of Ministers' Decision proposed by the Ministry.

8. The costs of the Renewable Energy Operator shall be recovered through the Renewable Energy Obligation, which shall be calculated according to a methodology developed and approved by ERE.

9. ERE within 12 months from the approval of this Law, defines the Renewable Energy Obligation to be paid by the end-use customers on annual basis or on a periods determined by ERE calculated per kWh consumed. The conditions and procedures for the calculation and collection of the renewable energy obligation shall be adopted in accordance with the legislation in force for state aid.

10. In the interest of supporting and guaranteeing the financial sustainability of the Renewables Support Fund, REO shall have the right to recover any uncollected receivables from a defaulting supplier by sharing such uncollected receivables to the remaining suppliers in the market in proportion to their market share that is occupied by each supplier.

11. REO may undertake any other activity that is considered necessary or useful to comply its responsibilities, subject to legal constraints deriving from the applicable legislation. REO may subcontract third parties for such activities if it is cost effective.

12. ERE may impose on each supplier the obligation to make pre-payments of its share of the Renewable Energy Obligation on a monthly or quarterly or annual basis as defined on its methodology on the Renewable Energy Obligations. ERE may require suppliers to secure short-term liquidity instruments to ensure the necessary funds to make such prepayments. Costs reasonably incurred for securing these short-term liquidity instruments are to be recovered through the Renewable Energy Obligation in accordance with the methodology set forth by ERE.

13. The Renewable Energy Operator shall maintain detailed records regarding all measures involving the granting of support. These records must be kept for the duration of the Contract for support plus an additional period of ten years, including all information relevant to demonstrating that the terms of the Contract for Difference, of the Premium Contract and PPA have been complied with.

14. The Renewable Energy Operator publishes each year details of calculations and payments under the Contract for support, within May 31.

Article 17

Access to the grid

1. The electricity operator from renewable sources is guaranteed transparent and non-discriminatory access to the transmission and distribution networks based on criteria and based on tariffs approved and published by ERE.

2. The Transmission System Operator and the Distribution System operator in conformity with the priority access to the network according to the definitions of Power Sector Law, when necessary the electricity reductions, shall priorly limit the electricity, coming from other sources and then the electricity produced from renewable sources, as long as it does not jeopardise the secure operation of the power system. The restrictions and reductions of electricity produced from renewable sources generators shall be transparent and justified.

3. If the Transmission System Operator and the Distribution System Operator have exhausted the other curtailment sources, the electricity produced from renewable sources may be reduced and according to the case compensated. The reduced volume and the respective compensation shall be assessed based on a methodology approved by ERE.

2.3.

4. The methodology shall take into consideration the participation cost to the balancing mechanism, the set-up of imbalance prices, the incomes from the sale of electricity to the organized market, that the renewable sources generator shall benefit without the unvulnerable interruption and the support shall be issued to a renewable sources plant if benefiting from a supporting measure within the meaning of this law.

5. ERE shall adopt the grid and market measures, with the proposal of the Transmission System Operator and the Distribution System Operator, to minimize the electricity interruption generated from energy renewable sources and the methodology for the assessment of restricted electricity volume. ERE methodology shall take into consideration the restricted energy volume from the injection to the network, to maintain the storage facilities of the priority generators.

Article 18

Connection to the grids

1. Transmission and distribution system operators develop the transmission and distribution grid, smart grids to guarantee secure operation of the electricity system to accommodate the further development of electricity production from renewable sources of energy, including interconnections with the neighbouring countries.

2. Upon the request of an electricity generator of renewable sources and according to the codes and regulations approved by ERE, propose as a connection point to their point that fulfills the favourable conditions for the renewable energy generator from the point of view of the cost and the distance from the network and guarantees its stability and security.

In selecting the best and most suitable connection point, the transmission and distribution system operators take into consideration the technical restrictions and the economic flexibility of the selected point of the connection with the grid.

3. With the request of the potential generators of renewable energy, the network system operator shall propose connection by specifying the possible connection point of the network. This connection bid shall be valid and obligatory for the system operator according to the terms defined on the Transmission or Distribution Code.

4. Installations or aggregated production units of renewables self-consumers and demonstration projects, with an electrical capacity of 10.8 kW or less, or equivalent connections other than three-phase connections, shall be connected to the distribution grid following a notification to the distribution system operator.

Article 19

Cost for grid system connection and capacity expansion

1. The necessary costs of the installation connection of electricity generation from electricity renewable sources to the connection point and the necessary metering equipments to register the supplied and received electricity shall be borne by the renewable energy generator.
2. Any other element of the connection point from the plant and for any other capacity increase beyond the primary conditions of the contract, that influences to the network and is accompanied with additional costs, shall be exclusively covered from the generator with the prior approval of the grid, distribution or transmission operator.
3. The grid operator is responsible for the optimization, strengthening and expanding costs of the grid system.

Article 20

Renewable self-generators

1. Renewable self-generators shall have a maximum capacity of 500 kW and shall have the right to generate, consume, store and sell their excess generation of renewable energy, including through bilateral agreements with electricity suppliers and counterpart trading agreements according to the equality and proportionate principles.
2. The rights and responsibilities of renewable self-generators are approved by Council of Minister Decision, with the proposal of the Minister.
3. The Council of Ministers Decision referred in paragraph 2 of this Article defines, among others:
 - a) The compensation scheme of renewable self-generators, based on net invoicing methodology;
 - b) the procedure of handling the application for the self-generators of renewable energy, including the relevant deadlines;
 - c) technological and technical requirements including, but not limited, to the necessary updates of the meters to enable the implementation of the compensation scheme;
 - ç) rules for the sale of self-generated electricity;
 - d) the annual period that shall serve to meter their generation.
4. The price of electricity generated by renewable self-generators shall ensure a fair compensation reflecting the market value of energy fed into the grid and shall avoid cross-subsidies or not right discrimination between renewable self-generators and other customers. The electricity price shall take into consideration the costs caused for transmission, distribution and balancing of the system. The electricity price generated from renewable self-generators is defined by ERE according to the methodology defined with Council of Minister Decision, with the proposal of the Minister.
5. The renewable self-generator's installation may be owned by a third party or managed by a third party for installation, operation, including metering and maintenance, provided that the third party remains subject to the renewable self-generator's instructions. When the third party itself is not considered a renewable self-generator.

6. The Distribution System Operator maintains and operates a system recording information for the name, location, capacity and the commence date of renewable self-generation facilities, including any additional information according to the Council of Ministers Decision provisions, referred to in paragraph 2 of this Article.
7. The support schemes for Renewable Self-generators shall be proportionate, shall contribute to the national renewable energy targets of the Government of Albania and shall not jeopardize the financial sustainability of any of the segments of the electricity supply chain. The scheme shall be subject to prior approval by the State aid commission in accordance with the legislation in force for state aid.
8. Renewable self-generators located in the same building, including multi-apartment blocks, are entitled to engage jointly as renewable self-consumers and are permitted to arrange sharing of renewable energy that is generated on their site or sites between themselves, without prejudice to the network charges and other relevant charges, fees, levies and taxes applicable to each renewable self-generator.

Article 21

Renewable energy communities

1. A renewable energy community shall have the right to;
 - a) produce, consume, store, share, sell renewable energy and provide aggregation, including through renewables power sale-purchase agreements;
 - b) access all suitable energy markets, directly or through aggregation, in a non-discriminatory manner;
 - c) support as Priority privileged Producer in accordance with this Law. The Council of Ministers may decide to support with additional measures the renewable energy communities by treating them as demonstration projects in accordance with Article 15 of this Law.
 1. Any renewable energy community shall enable and stimulate low-income or vulnerable households to become members.
2. A private company may be a member of a renewable energy community, under the condition that its participation does not represent its primary commercial or professional activity.
3. Any end-use customer and household customer is entitled to become member of a renewable energy community and shall retain the status of end-use customer, with all the obligations and rights according to this law and the respective framework and shall not be subject to the unjustified or discriminatory conditions or procedures that impede their participation to an renewable energy community, on the condition that for private enterprises, their participation shall not be their main trading or professional activity.
4. A renewable energy community is subject to cost-reflective network tariffs which are defined by ERE, according to ERE approved methodology as well as relevant tariffs, levies and taxes, ensuring that it contributes, in an adequate, fair and balanced way to the overall cost-sharing of the system.
5. With the instructions of the Minister are defined:
 - a) a legal form of establishing renewable energy community;
 - b) conditions for open and voluntary participation;

- c) the organisation of effective control of the renewable energy community measures for facilitating financial, informative access and for providing regulatory and capacity-building support to public authorities in enabling the set - up of renewable energy communities, and in helping authorities for direct participation;
- ç) other relevant issues.

6. The National Energy and Climate Plan shall provide the policies and measures for the promotion of renewable energy self-generation and renewable energy communities

Article 22

Guarantees of Origin for energy generated from renewable sources

1. ERE shall set-up a system for issuing, transferring, redeeming and revoking/cancelling Guarantees of Origin regarding the energy produced from renewable energy sources. ERE shall approve the rules for issuing the guarantees of origin, and the approach of maintaining a register for the guarantees of origin.

2. ERE is the national issuing body of the guarantees of origin in the Republic of Albania and ensures the alignment of the guarantee of origin policies and principles with the certificate system acknowledged to Energy Community.

ERE shall set-up appropriate mechanisms to ensure that the guarantees of origin are issued, transferred and cancelled electronically and are accurate, reliable and fraud-resistant.

3. The procedure of issuing, transmission, use and termination of validity of a guarantee of origin shall be based on the objectivity, transparency and non-discriminatory principle.

4. Guarantee of origin shall be issued upon request of the energy producer from renewable sources only once for a unit net amount of 1 MWh of produced electricity measured at the connection point with the transmission, distribution or closed distribution system. The same energy unit from renewable sources is considered only once.

5. A guarantee of origin shall be valid for one year starting from the last day of the production period for which it is issued. Guarantees of origin which are not cancelled expire at the latest 18 months after the production of the energy unit.

6. The transmission and distribution system operators shall submit at ERE the data for the generated energy for which the guarantee of origin is issued.

7. A guarantee of origin may not be issued for electricity produced in a reversible hydro power plant with a pump system, if the energy is produced from the pump operation.

8. The guarantee of origin is transferable.

9. The electricity generated from renewable sources, for which the producer from renewable sources has sold the relevant guarantees of origin separately from electricity, may not be shown or sold to the end use buyer as electricity generated from renewable sources.

10. Where a Priority Producer benefits from support measures under this Law, the market value of the guarantee of origin for the same generation shall be returned to REO. If the generators benefits a supporting measure to purchase energy, the guarantee of origin is issued to REO. REO shall decide if it is going to sell the guarantee of origin directly to the supplier or to the customer or on a competitive procedure. The set up incomes from REO from the sell of the guarantee of origin certificates are used for the renewable energy fund.

11. ERE may refuse to recognize the Guarantee of Origin from other Parties of Energy Community only when there is well-founded doubt concerning its accuracy, reliability, or truthfulness. ERE shall notify the Energy Community Secretariat for every refusal along with the reasons for the refusal. ERE shall take utmost account of any opinion of the Energy Community Secretariat on the recognition of the guarantees of origin and provide reasons for any deviation in writing.

12. ERE shall work closely with all authorities that issue guarantees of origin in EU Member

States, and in Energy Community Contracting Parties, in order to disclose to end use consumers the share of energy generated from renewable sources in total of the supplied energy.

13. ERE shall maintain a register of guarantees of origin in electronic form and publish data from the register on its website

14. ERE shall join to the regional system of energy community secretariat to enable the trading of the guarantees of origin with other contracting parties of energy community. The costs of the regional system of energy community shall be covered from the tariffs approved by ERE for the issue and trading of the certificates of origin to independent producers.

CHAPTER IV

RENEWABLE SOURCES OF ENERGY IN THE TRANSPORT SECTOR, HEATING AND COOLING AND FOR THE PRODUCTION OF HOT WATER.

Article 23

Use of renewable energy sources in transport

The incentive and promoting measures for the use of renewable sources of energy in transport are defined by a specific legislation.

Article 24

Use of renewable energy sources in heating and cooling

The Council of Ministers, upon proposal by the Ministry, shall adopt a Decision to support the achievement of the national target for renewable energy sources in the heating and cooling sector.

Article 25

Additional reporting obligations in the area of renewable energy

The integrated progress reports of Energy and Climate of Albania include the additional information as follows:

a) the functioning of the system of guarantees of origin for electricity, gas and heating and cooling from renewable sources, the levels of issuance and cancellation of guarantees of origin and the resulting annual national renewable energy consumption, as well as the measures taken to ensure the reliability and protection of the system;

b) developments in the availability, origin and use of biomass resources for energy purposes;

c) changes in commodity prices and land use within the Republic of Albania associated with its increased use of biomass and other forms of energy from renewable sources;

ç) the estimated excess production of energy from renewable sources which could be transferred to other Contracting Parties or Member States of the European Union so that these comply with this Law and achieve the national contributions and trajectories referred to in Article 7 letter "a";

d) where applicable, the estimated demand for energy from renewable sources to be satisfied by means other than domestic production until 2030, including imported biomass feedstock;

dh) information on how the share of biodegradable waste in waste used for producing energy has been estimated, and what steps have been taken to improve and verify such estimates;

e) electricity and heat generation from renewable energy in buildings, including disaggregated data on energy produced, consumed and injected into the grid by solar photovoltaic systems, solar thermal systems, biomass, heatpumps, geothermal systems, as well as all other decentralised renewables systems;

ë) where applicable, the share of renewable energy in district heating, as well as the renewable energy produced by cities and renewable energy communities;

f) primary supply of solid biomass;

g) any other information.

Article 26

Minimal objectives for the use of solar energy for the production of hot water

1. The Council of Ministers determines minimal indicators for the production of urban hot water for use of sanitary and technological processes, obtained from the systems of solar panels.

2. Minimal indicators of solar energy use, determined under paragraph 1 of this Article, shall be decided taking into account the quantity of solar radiation in different areas of the country.

3. The Council of Ministers approves the specific criteria for the calculation of solar energy used to obtain hot water, either separately or as a part of the Building Energy Code taking into account the latest EU standards approved for this purpose.

CHAPTER V

STORAGE

Article 27

Support measures to stand-alone storage

1. The Minister may decide for the support of the storage capacities through the capacity mechanisms where:

a) The storage capacities do not meet the set forth objectives, based on a system adequacy assessment performed by the Transmission System Operator, according to Power Sector Law;

b) Where the assessment according to letter “a” of this point, or the network development plan identifies the flexible needs that may not be complied from existing sources according to Power Sector Law.

2. The minister shall take a decision on the form and terms of the supporting scheme, as well as the competitive process, by identifying different storage categories that have are eligible to participate. For this purpose, shall take prior approval from ERE.

3. Any support measures based on the above and constituting a State aid shall be subject to prior approval by the State aid commission in accordance with the legislation in force for state aid.

Article 28

Support measures to on-site storage and the electricity generated from renewable sources

1. The Council of Minister approves the measures to support a specific technology for renewables storage, to achieve reduction of CO2 emissions, security of supply or optimisation of use of renewables energy generation.

2. The support measures may take the form of grants, investment loans, premium or other operational support. Any support measures constituting State aid shall be subject to prior approval by the State aid commission in accordance with the legislation in force for state aid.

3. Any support measure, according to this Article shall be awarded through a competitive bidding process defined by a decision of the Minister. The form of the support scheme, other terms of the support scheme, the support counterparty and the competitive bidding process documents are defined prior to the launch of each competitive process by the Minister.

CHAPTER VI

FINAL PROVISIONS

Article 29

By-legal acts

1. The Council of Ministers is charged, within 12-months from the entry in force of this law, shall approve the by-legal legislation according to Article 5, paragraph 2; Article 6 paragraph 2; Article 10, paragraph 1,4,5; Article 15, paragraph 1; Article 16, point 7; Article 20, paragraph 2; Article 24 and Article 26 paragraphs 1 and 3 of this law.

2. The responsible minister for energy is charged that within 12 months from the entry into force of this Law shall approve the by-legal acts implementing Article 10, paragraph 1 and Article 21, paragraph 6 of this Law.

3. The Energy Regulatory Entity is charged that within 12 months from the entry into force of this Law shall approve the by-legal acts implementing Article 14, paragraph 2, Article 16, paragraph 9; Article 17, paragraph 5, Article 20 paragraph 4 of this Law.

Article 30

Transitory provisions

1. To the establishment of the Renewable Energy Operator, its obligations are performed by the free market supplier. During this period, the free market supplier shall perform the obligations for the calculation and collection of the obligation for renewable energy.

2. This Law shall not apply to nor affect Existing PPAs, except where otherwise provided by the specific Existing PPA.

3. The existing priority producers may switch the existing PPA, by choosing OER as the receiver of the generated electricity, without violating the provided securities and guarantees according to the existing PPA.

4. The parties shall undertake the necessary measures to return the PPA into a CfD after the perform of the market readiness assessment from ERE according to this Article that evaluates that the market is liquid. ERE shall perform the market readiness assessment not earlier than 10 (ten) months from the set-up of the Albanian Power Exchange, where shall be assessed that the following criteria are sufficiently met:

a) It is set-up the operational electricity exchange providing reference prices for the respective liquidation period of the day-ahead for a consecutive 10-month period;

b) are in implementation process the principles and rules for the integrity and transparency of the electricity sale in the market, including the persons that professionally organize transactions;

c) the traded volumes in the day-ahead market regarding the physical size of the market are in a comparative level with such volumes in day-ahead markets in European Union countries. ERE shall

have the right to select some day ahead markets in the European Union to perform a suitable comparative assessment.

5. ERE shall head a public consultation with the stakeholders regarding the readiness assessment in the market according to this article and shall publish the report of this assessment together with its findings.

6. Any amendment due to CfD conversion shall reach the same balance of the benefits, obligations and risks and the rewards between the parties and existing PPA.

7. In any case, the level of support shall not be reviewed in the way it shall negatively influence to the rights issued to priority generators and damage the economic stability of the priority generators projects.

8. With the finalisation of the readiness market assessment from ERE, the Council of Ministers, with the proposal of the minister may define the purchaser of last resort where in case of sale difficulty of the volumes in the free market, the priority generators may sell the electricity volumes to the purchaser of last resort with a low tariff from the reference price. The conditions for defining the purchaser of last resort and of providing the purchase of last resort service for the priority generators according to this article shall be defined with Council of Minister decision, with the proposal of the Minister.

9. Article 20 of this law is applicable beginning from 1 January 2024. Until this date the private and public customers, as well as the households may install total capacity up to 500 kW for the electricity generation from renewable sources to cover a part or complete electricity for its needs and inject additional electricity generated to the distribution grid. These customers benefit from the net metering scheme of electricity and shall install with their own expenses a meter for both directions. The net balance and invoice shall be on annual basis for each metering point.

Article 31

Repeal of the by-laws

1. This legislation repeals Law no. 7/2017 “On the promotion of the use of energy from renewable sources”, as amended.

2. The by-legal acts issued according and implementing Law no. 7/2017 “On the promotion of the use of energy from renewable sources”, as amended, remain effective and shall be implemented to the moment of approving the by-legal acts implementing this law.

Article 32

Entry into force

This Law shall enter into force 15 days from the publication in the Official Gazette.

CHAIRPERSON

Lindita NIKOLLA

Approved on 23.3.2023