



REPUBLIKA E SHQIPËRISË  
**ENERGY REGULATOR AUTHORITY  
BOARD**

**DECISION**

**No. 100, Dated 27.05.2024**

**ON**

**APPROVING THE DISTRIBUTION METHODOLOGY OF THE INCOMES FROM  
THE ELECTRICITY CONGESTION BETWEEN ALBANIA AND KOSOVO**

Based on articles 16 of Law no. 43/2015 “*On Power Sector*”, as amended; the subpoint 3.5, point 3 of the Electricity Market Model, approved with Council of Minister Decision no. 519, dated 13.07.2016 “*On the approval of the electricity market model*”, as amended; article 3, point 8 of the *Regulation on the requirements and procedures for defining the Nominated Electricity Market Operator (NEMO) as well as the roles and responsibilities of NEMO and the Electricity Transmission System Operator in the market coupling*, approved with ERE Board Decision no. 40, dated 06.03.2020; article 15 of the *Regulation for ERE organization, operation and procedures*, approved with ERE Board Decision no. 96, dated 17.06.2016; as well as the “*Framework agreement on electricity market coupling between Albania and Kosovo*” of date 21.10.2021, signed by ERE, ZRRE, the Albanian Transmission System Operator (TSO company), and the System, Transmission, and Market Operator of Kosovo (KOSTT company); ERE Board on the meeting dated 27.05.2024, after reviewing the report protocol no. 175/5, dated 24.05.2024 prepared by the Technical Directories “*On approving the distribution methodology of the incomes from the congestion between Albania and Kosovo and the back-up procedures for electricity market coupling of the day ahead between Albania and Kosovo*”,

**Observed that:**

- ERE Board, with the proposal of TSO company, approved decision no. 2, of date 22.01.2024, on opening the procedure to approve “*The distribution methodology of the incomes from congestion between Albania and Kosovo*”.
- The abovementioned decision is published on ERE website and on the Official Gazette no. 23, of date 07.02.2024, while the draft of the proposed Methodology is published on the “Consulting” session on ERE website.
- ERE with the official letter protocol no. 175/1, dated 08.02.2024 informed TSO company, and the Albanian Power Exchange (ALPEX) company, regarding ERE Board Decision no. 2, of date 22.01.2024

As follows, during the review of the draft document proposed for approval, ERE with the official letter protocol no. 175/3, dated 12.03.2024 submitted to TSO company, the regarding the ambiguities and other clarifications for the proposed document.

- Responding to the abovementioned official letter, TSO company, with the official letter protocol no. 1603/1, of date 02.04.2024, ERE protocol no. 175/4, on 03.04.2024, clarified as follows:
  - On the distribution methodology of the incomes from the congestion between Albania and Kosovo, on Article 5 (Principles for the allocation) it is defined that the TSO and KOSTT companies, shall receive their share of the net marginal incomes with a 50% / 50% allocation coefficient.
  - The document of the Methodology prepared according to the principles provided on Article 73 of the Commission Regulation (EU) 215/1222 and Article 19 of the Commission Regulation (EU) 2019/943, in the provisions of the Framework Agreement on electricity markets coupling of Albania and Kosovo signed on 2021 between the TSO-s and the Regulatory Authorities of Albania and Kosovo, as well as considering the definitions of the Memorandum signed on 2020 between the TSO-s of Albania and Kosovo for the assessment and allocation of the interconnection capacities between both countries where it is defined that: “The parties shall consider the use of the same part of the interconnection and the NTC total shall be allocated between them equally (50%/50%), except of intraday process”.
  - Regarding Annex 1, TSO company, clarifies that According to Article 54 of Law no. 43/2015, as amended, the Transmission System Operator is on the ownership of the electricity transmission system, that above all includes 400 kV, 220 kV and 110 kV lines. So, the TSO company, is the sole owner of the interconnection Kosova B - Tirana 2,400 kV (Koman-border) and Prizren - Fierzë 220 kV (Fierzë- border). Also, KOSTT company, is the electricity System, Transmission and Market Operator for Kosovo, that according to Law no. 05/L - 085, approved on 2016, manages the Transmission System in Kosovo operating in 400 kV, 220 kV and 110 kV high voltage levels. So, even KOSTT company, is the sole owner of the interconnection lines Kosova B - Tirana 2, 400 kV (Kosova B – border), Prizren - Fierzë 220 kV (Prizren – border).
  - Based on the above, with the term “Ownership shares”, Annex 1 table, shall be understood that the right to benefit the incomes from the congestion belongs only to these two companies as the sole owner of the connections in the respective state (due to the ownership right or the administration issued from the effective legal acts) and in 100% of the share belonging to the coefficient defined in Article 5 of the Methodology, agreed to be applied. For this reason, from the TSO, it is proposed that on Annex 1, shall be added the paragraph: “Ownership Shares” – that mean that the TSO-s are the sole owners that own full ownership on the connections that are part of the interconnectors mentioned on the table, for the respective state.
  - Also, on Annex 1 are reflected the regulations of “Applied coefficient for the allocation of the incomes” on the table.

- TSO company, with the above official letter, also submitted the reviewed draft of the distribution Methodology of the incomes from congestion between Albania and Kosovo, agreed between the TSO, KOSTT, and NEMO of Albania and Kosovo as well as informed even KOSTT company, for the regulations on the respective act. On the submitted documentation by the abovementioned official letter, it was observed that the suggested amendments and the required clarifications by ERE are taken into consideration.
- Based on what is provided on Law no. 43/2015 *“On Power Sector”*, as amended, on the *Regulation for the requirements and procedures on defining the nominated electricity market operator (NEMO) as well as the roles and responsibilities of NEMO and the electricity transmission system operator in market coupling*, approved with ERE Board Decision no. 40, of date 06.03.2020, ERE Board with decision no. 369, of date 26.12.2023, decided above all: (1) the definition of NEMO (ALPEX company) as the “Shipping Agent”, for the electricity market coupling of Albania and Kosovo and (2) the Transferring Agent, whose incomes are collected from the congestions shall transfer the respective TSO-s not later than two weeks from the settlement date.
- The Council of Ministers with decision no. 872, dated 27.12.2022 *“On some amendments and additions to Decision no. 519, of date 13.7.2016, of the Council of Ministers “On approving the electricity market model”*, point 2, letter “b” above all defined that: *TSO company shall set available to the organized market a minimum quantity (50%) of the available cross-border capacities, that belongs to the respective market coupling.*
- Concretely the market coupling between Albania and Kosovo shall be realized in two bidding zones and to realize this coupling shall be allocated a minimum quantity of about 50 % of the available cross-border capacity.
- ALPEX company, initiated the operation in the bidding area of Albania on 12 April 2023. Also, on 1 February 2024, ALPEX company, initiated the operation on the bidding area of Kosovo. On the conditions when ALPEX company operation started in both operation zones, it is assessed and approved the proposed Methodology to allocate the incomes from congestions.

For all of the above mentioned, ERE Board,

**Decided:**

1. To approve the Distribution Methodology of the Incomes from the Electricity Congestion between Albania and Kosovo. (Attached to this decision)
2. Tariffs and Prices Directory, shall inform the interested parties regarding ERE Board Decision.

This decision enters immediately into force.

Any party involved on this procedure may require ERE, within 7 calendar days from the day of being notified, to review the board decision in case there are provided new evidences that may lead on approving a decision different from the previous one or for observed material errors. Regarding this decision may be complained on Tirana Administrative Court, within 30 calendar days from the publication in the Official Gazette.

This decision shall be published on the Official Gazette.

**CHAIRMAN**

**Petrit AHMETI**



**ALPEX**

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DISTRIBUTION METHODOLOGY OF THE INCOMES FROM CONGESTION  
BETWEEN ALBANIA AND KOSOVO

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**Considering that:**

- (1) Between ERE, ZRRE, TSO and KOSTT companies it is signed the framework agreement on 21.10.2021 "On the electricity market coupling between Albania and Kosovo" (hereinbelow the "Framework Agreement").
- (2) Based on Article 62, and Article 72 of the Framework Agreement, the terms, conditions or the subsequent methodologies and agreements shall be based on the principles defined on EU 2015/1222 Commission Regulation of date 24 July 2015, that defines the instructions on capacities allocation and the congestion management shall be in conformity with the regional incentives and the other applicable practices in Albania and Kosovo as well as in conformity with the requirements provided on the Framework Agreement itself.
- (3) Based on article 7.3 sub-paragraph (f) of the Framework Agreement, the TSO, KOSTT and the NEMO of Albania and Kosovo shall draft the proposal for a methodology for the income's allocation from the congestion. The methodology shall help the effective long-term operation and the development of the electricity transmission system and shall be according to the general principles of congestion management provided on Article 66 of Law no. 43/2015 "On the Albanian Power Sector" and Article 57 and 44 of Law no. 05/L – 085 for electricity in Kosovo
- (4) According to Article 6.4 sub-paragraph (h) of the Framework Agreement, the Regulators shall above all approve, the distribution methodology of the incomes from the congestions proposed by NEMO, the TSO and KOSTT.
- (5) According to Article 65, of the Framework Agreement the Regulators shall consider the requirements of the regional incentives in Energy Community level and shall be consulted, shall closely cooperate and shall be coordinated with each other in order they to be approved at the same time. Both regulators if consider necessary, may agree to draft and sign a specific agreement that requires the organization of common public consultations and providing that all of the terms, conditions and methodologies provided on Article 6.4 shall be approved with the same identical content.
- (6) The TSO, KOSTT and NEMO of Albania and Kosovo drafted the distribution Methodology of the incomes from congestion (hereinbelow "**CID Methodology**").
- (7) This CID methodology takes into consideration the provisions from the general principles of the incomes from congestion in Article 16 (6) of EC Regulation no. 714/2009 of the European Parliament and of the Council dated 13 July 2009 "On the conditions for the approach to the network for the cross-border electricity exchanges (hereinbelow referred as **EC Regulation no. 714/2009**).
- (8) The CID methodology is constructed in both parts. Firstly, the definition and collection of the congestion incomes established from the implicit allocation of the capacities in



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the electricity market coupling of the day ahead between Albania and Kosovo (hereinbelow referred as AL-KS DAY).

Secondly, the distribution of the above congestion incomes, between TSO and KOSTT.

- (9) This CID methodology proposed by the TSO and the NEMO of Albania and Kosovo is submitted for approval to the respective Regulatory Authorities according to Article 6 of the Framework Agreement.

## **Distribution methodology of the incomes from the congestion between Albania and Kosovo**

### **Article 1**

#### **Purpose and scope**

1. The distribution methodology of the incomes from congestion CID aims to regulate the distribution approach of the incomes from congestion for:
  - a) The bidding zones of Albania and Kosovo and the interconnectors between Albania and Kosovo where are collected the incomes from congestion;
  - b) The incomes from congestion from the capacity's allocation based on coordinated NTC approach; and
  - c) The incomes from congestion from the capacity's allocation in the day ahead frame time.

### **Article 2**

#### **Legal basis**

This methodology is drafted and approved according to:

1. Law no.43/2015, of date 30/04/2015 "On Power Sector" as amended;
2. Law No. 05/L-085 of date 21/07/2016 on electricity of Kosovo;
3. The Memorandum of Understanding of Western Balkans 6, signed in Vienna on 27 April 2016 on the development of the regional electricity market and the establishment of the framework for other future cooperation signed between Albania and Kosovo;
4. The framework agreement on 21.10.2021 "On electricity market coupling of Albania and Kosovo";
5. Council of Minister Decision no. 519, of date 13.07.2016 "On approving the electricity market model", as amended;
6. ERE Board Decision no. 134, of date 06/07/2017 "On licensing the Transmission System Operator (TSO company) in electricity transmission system operation activity";



7. ERE Board Decision no. 247, of date 29.09.2022 “On licensing the Albanian Power Exchange – ALPEX” company in electricity market operation activity”;
8. ERE Board Decision no. 347 of date 27.12.2022 “On approving the electricity market rules (ALPEX rules, the definitions, trading procedures, as well as clearing and settlement procedures);
9. ZRRE decision no. V\_ 1332\_2020, of date 10.12.2020 “On approving in principle KOSTT request to transfer some of the rights and obligations of KOSTT to ALPEX for the operation of day ahead and intraday electricity market in Kosovo”;
10. ERE Board Decision no. 197 of date 26.11.2020 “On approving the harmonized rules of capacities allocation of the interconnection for auction coordination office of South East Europe (SEE CAO), for the borders Albania – Greece – Albania, - Montenegro and Albania – Kosovo”;
11. ERE Board Decision no. 228, of date 17.07.2023 and ZRRE Decision V\_1748\_2023 of date 17.07.2023 “On defining the Albania Power Exchange – ALPEX”, as the Nominated Electricity Market Operator (NEMO)".

### **Article 3 Definition and interpretation**

1. For CID methodology, the terms used on this document shall have the meaning of the definitions included on the regulatory legal and by-legal acts and the agreements between the TSO-s and NEMO-s of Albania and Kosovo.
2. Also, on this CID methodology, with the term “Net custom incomes” shall be understood the incomes allocated from congestion for the bidding area as defined on this methodology.
3. Except of this, on CID methodology, except of the cases when the context requires otherwise:
  - a. the bidding area border may be composed from one or more interconnectors to deliver the incomes from congestion;
  - b. except when not specified otherwise, the terms used shall be implemented in the context of electricity market coupling of the day ahead between Albania and Kosovo ( AL• KS DAC);
  - c. the singular shows the plural and vice-versa;
  - d. the heads are introduced only to facilitate and do not affect the interpretation of CID methodology; and
  - e. any reference to the legislation, regulation, orders, instruments, codes or any other act shall include any amendment, subsequent addition or other acts that replace them, if these amendments or additions or subsequent acts, according to



their transitory or final provisions are permitted to be implemented on this methodology.

#### Article 4

##### The process and calculation of the incomes from congestion

1. ALPEX shall calculate the congestion incomes arising from DAC AL -KS and shall provide that the incomes collected from congestion shall be transferred to the TSO-s by SEECAO.
2. Albanian Electricity Power Exchange Platform (ALPEX) - EMCS, for each clearing day, shall calculate the incomes from congestion, for each Timeframe Unit of the Market (MTU) in Euro rounded to two decimal places and equal to:

**The difference of the prices between two bidding areas (the price of the import bidding area minus the export bidding area) multiplied with the quantity in MWh of electricity that flows/is dispatched between these areas (Exchanged Schedules), where:**

- The market prices that are used are not rounded for the AL- KS bidding areas that are calculated from the PCR algorithm and then are rounded to two decimal places. The new rounded prices are used from ALPEX-EMCS electronic platform for the calculation of the incomes from congestion.
- The respective inflow of the energy hour is issued from the cross-border schedules (exchanges) (rounded to two decimal places) between the bidding areas of Albania and Kosovo,
- The losses in the system shall not be included in the calculation of the incomes from congestion.

#### Article 5

##### Principles for the allocation

1. The TSO and KOSTT shall take their part of the net border incomes based on an 50% - 50% allocation index. The details as well as the essential justification are defined on Annex 1 of this Methodology.

#### Article 6

##### Data publication

1. TSO and KOSTT shall publish the required information for transparency of the distribution of the incomes from congestion.
2. The information according to paragraph 1 shall be published for each session of the market timeframe of at least on monthly basis.



### **Article 7**

#### **Publication and implementation of CID methodology**

1. TSO and KOSTT shall publish CID methodology with the effectiveness of the decision approved by the respective regulatory Authorities.
2. TSO and KOSTT shall implement CID methodology on the implementation date of the methodology for calculating the capacities and the implementation of the electricity market coupling between Albania and Kosovo.

### **Article 8**

#### **Language**

The language of CID methodology shall be the Albanian language.



## ANNEX 1

According to article 4 of the distribution methodology of the incomes from congestion, this Annex describes the specific coefficient of the implemented coordination for the co-allocation of the incomes from congestion between TSO-s in the border of the bidding zone.

Bidding area	Interconnector	TSO-s / Involved Parties	TSO-s /Involved Parties	Applied coefficient for the allocation of the incomes	Justification
AL – KS	Kosova B - Tirana 2 400 kV	TSO, KOSTT	TSO, KOSTT	TSO 50 % KOSTT: 50%	Ownership shares
AL - KS	Prizren - Fierzë 220 kV	TSO, KOST	TSO, KOSTT	OST: 50 % KOSTI: 50%	Ownership shares

\* With "Ownership shares" shall be understood that the TSO-s are the sole owners or possess full ownership over the lines that are part of the interconnectors mentioned on table, of the respective state.

The formula for the calculation of the incomes from the congestion

The incomes from congestion = (the price of the import bidding zone - the price of the export bidding zone)\* the quantity in MWh to be transferred