



REPUBLIKA E SHQIPËRISË  
**ENERGY REGULATOR AUTHORITY**  
**BOARD**

**DECISION**

**No. 110, Dated 10.06.2024**

**ON**

**AN AMENDMENT IN ELECTRICITY MARKET RULES, APPROVED WITH ERE  
BOARD DECISION NO. 347, DATED 27.12.2022**

Based on articles 16, 18, point 1, letter “a” and “dh”, article 19, letter “a”, articles 57 and 98 of Law no.43/2015 “*On Power Sector*”, as amended; Council of Ministers Decision no.519, dated 13.07.2016 “*On approving the electricity market model*”, as amended; Council of Ministers Decision no.456, dated 29.06.2022 “*On approving the conditions for imposing the public service obligation, which shall be applied to licensees in the power sector, who exercise the electricity production,transmission, distribution and supply activity*”, as amended; as well as article 15 of *Regulation for ERE Organization, Operation and Procedures*, approved with the Energy Regulator Authority (ERE) Board decision no. 96, dated 17.06.2016; ERE Board on their meeting dated 10.06.2024, after reviewing the report Protocol no. 686/1, dated 07.06.2024, prepared by the Working Group “*On an amendment in electricity market rules, approved with ERE Board decision no. 347, dated 27.12.2022*”.

**Observed that:**

- ERE Board with decision no.347, dated 27.12.2022, decided to approve the Electricity Market Rules (Alpex Rules definitions, trading procedure as well as clearing and settlement procedures).
- ERE Board with decision no.106, dated 23.03.2023 decided to approve some additions in the Electricity Market Rules, approved with ERE Board decision no.347, dated 27.12.2022, with the intention to clarify some of the procedures including the relevant Annexes.
- Subsequently, ALPEX company with official letter Protocol no. 329, dated 11.09.2023, submitted at ERE the proposal for some amendments in Annex no. 3 of ERE Board decision no. 106, dated 23.03.2023 "On approving some additions to the Electricity Market Rules, approved with ERE Board decision no. 347, dated 27.12.2022".
- Following the communications between ERE and APLEX company, in order to clarify the proposal regarding the need for amendments to Annex no. 3 of the Market Rules, ALPEX company argued and informed that, after a proper analysis, which fulfills the regulatory requirements, it presents a new request for the amendment of this annex, emphasizing that:

*With the entry into force of Council of Ministers Decision no. 46, dated 31.01.2024 "On some additions and amendments in Council of Ministers Decision no. 456, dated 29.06.2022 "On approving the conditions for imposing the public service obligation, which shall be applied to licensees in the power sector, who exercise the electricity production, transmission, distribution and supply activity", it is foreseen that the volumes with regulated price which shall be traded between the public companies of the electric power system and the private operators can be traded by ALPEX through the financial instrument. These volumes shall be traded as financial contracts, where ALPEX has the obligation to guarantee the delivery of the respective volumes. In these conditions, ALPEX proposes some amendments in the proposal for the Power Exchange Members' Portfolios to be treated with Priority Price Taking Orders (Sell/Purchase), giving these contracts the first priority, as well as predicting the steps that shall be taken to eliminate possible risks, such as the pre-declaration mechanism for the pair portfolios of these contracts, the monitoring of ALPEX against the declared volumes arising from these contracts, as well as the right of ALPEX to reject Orders in violation of these contracts, referring to section F.2.6 of the Electricity Market Rules - General Conditions.*

- ERE has ascertained that the amendments proposed for approval by ALPEX company result in the way of ranking in terms of quantities of electricity offered through Portfolios as PPT Orders based on long-term internal OTC contracts between buyers and sellers, shall be traded in ALPEX as standard financial contracts, approved by ERE, according to the provisions in the Electricity Market Model and amendments approved with Council of Ministers Decision no. 46/2024 "On some additions and amendments in Council of Ministers Decision no. 456, dated 29.06.2022 "On approving the conditions for imposing the public service obligation, which shall be applied to licensees in the power sector, who exercise the electricity production, transmission, distribution and supply activity."
- Also, in this Annex, some technical procedures are defined regarding the way of carrying out these transactions, which are necessary for the operation of the trading of these financial contracts on the power exchange. Furthermore, the quantities of electricity offered by TSO company and DSO company which are grouped with priority in the purchasing curve, continue to be established as Priority Price-Taking Buy Orders for the purchase of respective losses of electricity in the free market." Regarding the Portfolios of the Exchange Members who must place the Priority Price Taking Sell Orders according to priorities, it is noted that points 2 and 4 have been merged into a single one as "the amount of electricity offered by the Subject that shall play the role of the Renewable Resource Operator (REO) placed as Priority Price Taking Sell Order, which shall rank second on the grouped sales curve.
- The proposed amendments are the same as provided in Council of Ministers Decision no. 46/2024. In this sense, it has been assessed to proceed with the approval of the amendments of Annex 3, as long as the interested parties are familiar with the content of the Council of Ministers Decision and have not expressed comments or objections in the process of approving the aforementioned Council of Ministers Decision.
- Also, in accordance with the Memorandum of Understanding of WB6, on October 21, 2021,

ERE, the Energy Regulatory Office of Kosovo (ERO), together with the Transmission System Operators of Albania (OST) and Kosovo (KOSTT), with the support of USAID, have signed the "Framework Agreement" (framework) for the electricity market coupling between Albania and Kosovo, necessary for the operation of the day-ahead and intraday market coupling, informing that: "The proposal for approval related to the determination of the Power Exchange Members' Portfolios to be treated with Priority Price Taking Orders (Sell/Purchase) and their ranking according to priority in the Day-Ahead and Intraday Auction Markets in the Albanian Power Exchange – ALPEX company" was also approved by ERO board with decision no. 1768\_2023, in accordance with the electricity market model of the Republic of Kosovo.

For all of the above mentioned, ERE Board

### **Decided:**

1. To approve an amendment in the Electricity Market Rules, approved with ERE board decision no. 347, dated 27.12.2022, amended as follows:

*ANNEX no. 3 – The portfolios of the Power Exchange Members that shall be treated with Priority Price Taking Orders (sale/purchase) and their ranking according to priority in the day-ahead and intraday auction markets in the Albanian Power Exchange.*

- *The portfolios of Exchange Members who must place Priority Price Taking Buy Orders (PPT) shall be listed in the grouped purchase curve according to the following priorities:*
  1. *The quantities of electricity offered through the Portfolio as PPT Orders based on long-term internal OTC contracts between buyers and sellers shall be listed in the first segment of the grouped purchase curve. These contracts shall be traded in ALPEX as standard financial contracts, approved by ERE, according to the provisions in the Electricity Market Model. These contracts must be declared in ALPEX through the Electronic Medium Nominated no later than 5 (five) Days before the first day of Delivery, by completing the standard form for this purpose. In the event that the Electronic Medium Nominated is not in operation, then the alternative procedure of declaring these contracts to ALPEX shall be to send via e-mail to trade@alpex.al and dot@alpex.al. With the submission of this form, ALPEX shall create the respective Portfolios where the purchasing party shall offer the quantities of electricity provided for in this contract. The purchasing party acknowledges the right of ALPEX to apply the provisions of section F.2.6 "Right to reject Orders" of the Electricity Market Rules-General Conditions. ALPEX has the right to cancel/delete the Orders in the respective portfolio of the buyer as PPT Order in the case when the amount of electricity offered is less than the amount placed in the respective portfolio of the seller as PPT Order. In the case when this amount is greater, in order for ALPEX not to apply the right to cancel/delete the Orders in the buyer's respective portfolio as PPT Order, the selling party must have offered quantities in other Portfolios as Simple Orders, which together with the quantity offered in the seller's respective portfolio as a PPT Order is equal to or greater than the amount of electricity*

placed in the buyer's PPT Portfolio. In the event that the seller shall bid the electricity quantities of this contract only through Simple Order Portfolios, so that ALPEX does not apply the right to cancel/delete the Orders in the buyer's respective Portfolio as a PPT Order, the seller must have offered an amount not less than the amount of electricity placed in the buyer's PPT portfolio.

2. *The amount of electricity offered by the Transmission System Operator company placed as a Priority Price Taking Buy Order for the purchase of losses in the free market shall be ranked second in the grouped purchase curve.*

3. *The amount of electricity offered by the Distribution System Operator company placed as a Priority Price Taking Buy Order for the purchase of losses in the free market shall be ranked third in the grouped purchase curve.*

- *The portfolios of Exchange Members who must place Priority Price Taking Sell Orders (PPTs) shall be listed in the grouped sales curve according to the following priorities:*

1. *The quantities of electricity offered through the Portfolios as PPT Orders based on long-term internal OTC contracts between buyers and sellers shall be listed in the first segment of the grouped sales curve. These contracts shall be traded in ALPEX as standard financial contracts, approved by ERE, according to the provisions in the Electricity Market Model. These contracts must be declared in ALPEX through the Electronic Medium Nominated no later than 5 (five) Days before the first day of Delivery, by completing the standard form for this purpose. In the event that the Electronic Medium Nominated is not in operation, then the alternative procedure of declaring these contracts to ALPEX shall be to send via e-mail to [trade@alpex.al](mailto:trade@alpex.al) and [dot@alpex.al](mailto:dot@alpex.al). With the submission of this form, ALPEX shall create the respective Portfolios where the purchasing party shall offer the quantities of electricity provided for in this contract. The purchasing party acknowledges the right of ALPEX to apply the provisions of section F.2.6 F.2.6 "Right to reject Orders" of the Electricity Market Rules - General Conditions. ALPEX has the right to cancel/delete the Orders in the seller's respective Portfolio as PPT Order in the event that the amount of electricity offered is greater than the amount placed in the buyer's respective Portfolio as PPT Order. In the case when this quantity is smaller, in order for ALPEX not to apply the right to cancel/delete the Orders in the seller's respective portfolio as a PPT Order, the selling party must have offered quantities in the Portfolio with Simple Orders, which together with the amount offered in its respective PPT portfolio to be no less than the amount of electricity placed in the buyer's PPT portfolio. In the event that the seller shall bid the electricity quantities of this contract only through Simple Order Portfolios, so that ALPEX does not apply the right to cancel/delete the Orders in the buyer's respective Portfolio as a PPT Order, the seller must have offered an amount not less than the amount of electricity placed in the buyer's PPT portfolio. The seller can decide which part of the amount or the whole amount of electricity under the long-term integral contract shall be placed as the Priority Price Taking Sell Order through the PPT Portfolio created for this purpose. If the seller decides that only a part of this amount shall be placed as a Taking Order (Priority Sell Price in the relevant PPT Portfolio), then he must bid the remaining amount*

through another Portfolio (as a Simple Order), where the amount in one of the "Price-Quantity" pairs must be at least the remaining amount outside the PPT Portfolio.

2. *The amount of electricity offered by the Entity that shall play the role of the Renewable Resources Operator (REO) placed as the Priority Price Taking Sell Order shall be ranked second in the grouped sales curve.*

3. *The amount of electricity offered by KESH for the electricity that shall be produced in cases of forced discharge of the cascade and set as the Priority Price Taking Sell Order shall be ranked third in the grouped sales curve.*

*- The amount of electricity offered for these contracts placed as Priority Price Taking Buy/Sell Orders or Simple Orders is not allowed to be offered as Block Orders."*

2. Annex no. 3 of the "Electricity Market Rules", approved with ERE board decision no. 106, dated 23.03.2023, is repealed.
3. The Legal Directory, shall inform the Albanian Power Exchange-ALPEX company, the Ministry of Infrastructure and Energy and the interested parties about ERE Board decision.

This decision enters into force on 1 July 2024.

Any party involved in this procedure may request from ERE, - within 7 calendar days from the date of the decision, to review the board decision if it has provided new evidence that could lead the board to obtain a decision different from the previous one or for material errors ascertained. This decision can be appealed in the Administrative Court of Tirana, within 30 calendar days from the day of publication in the Official Gazette.

This decision shall be published on the Official Gazette.

**ERE CHAIRMAN**

**Petrit AHMETI**