



Autorità per l'energia elettrica e il gas

Partnership agreement

Enti Rregullator i Sektorit te Energjise (ERE) and Autorità per l'energia elettrica e il gas (AEEG)

WHEREAS:

The Energy Regulatory Authority of the Republic of Albania (hereinafter ERE), pursuant to its founding laws (Law 9072 of 22 May 2003 on the Power Sector as amended by Law 9946 of 30 June 2008 on the Natural Gas Sector), is appointed to regulate the electricity and gas sectors and, in its capacity as national regulator, is also involved in the development of the energy market in South-East Europe.

The Regulatory Authority for Electricity and Gas of Italy (hereinafter AEEG), pursuant to its founding law (Law 481 of 14 November 1995) is responsible for regulating and overseeing the electricity and gas sectors. In its role as national sector regulator, it is also officially involved in matters concerning the integration of the European energy markets and the development of the internal market.

The partnership between ERE and AEEG (also referred to as the Parties) fits within the context of the long-standing relations between Albania and Italy, aiming at the promotion of institutional, economic and social development of South-East Europe.

ERE and AEEG already have several working relationships in the framework of European institutional affiliation. In the work of the CEER (Council of European Energy Regulators), specifically the efforts of the CEER WG SEER (South East Europe Regulators), synergy between the Albanian and the Italian regulator has proved to be especially useful, leading indirectly to Albania's participation in both the Energy Community Treaty, signed in Athens on 25 October 2005, and the MEDREG (Mediterranean Working Group on Electricity and Natural Gas Regulation), founded in Rome on 29 May 2006.

ERE and AEEG recognise the advantage of strengthening their synergic action, also through bilateral cooperation. Specifically, the Parties see an opportunity in focussing their common effort on the development of a stable regulatory framework capable of fostering the efficient functioning of the electricity and gas markets, the development of infrastructures including interconnections, the efficient allocation of interconnection and transmission capacity and the procurement of energy supplies.

ERE and AEEG consider that their collaboration can also help to create a harmonized regulatory framework between the two countries, appropriate to stimulate new opportunities for investment both in the electricity sector and in the newly developing natural gas sector.

In light of the above, ERE and AEEG agree to establish stable cooperation relationships in the electricity and natural gas sectors based on the framework outlined in the following.



Enti Rregullator i Energjise



Allegato A

Autorità per l'energia elettrica e il gas

ART. 1

The above preface is an integral and substantive part of this agreement.

ART. 2

The objective of the agreement is the creation of a harmonized and stable regulatory framework between Albania and Italy, capable of fostering the efficient functioning of the electricity and gas markets and of stimulating investments in the infrastructures for energy supply.

ART. 3

The Parties commit themselves to collaborate in the performance of their respective institutional functions with respect to the following aspects of the electricity and gas sectors, as appropriate in relation to their different stages of development:

1. Incentive based regulation of tariffs for the use of monopoly services, with specific focus on:

- unbundling of accounts;
- evaluation of the regulated asset base;
- benchmarking of incentive parameters;

with the scope of ensuring efficient operation and a suitable rate of return for the invested capital to stimulate development of the infrastructures necessary to guarantee electricity and gas supplies.

2. Development of grid codes for electricity and gas transport and distribution and for gas storage, including:

- techniques for congestion management on transmission lines;
- capacity allocation on interconnectors and internal lines;
- energy balancing and despatching criteria.

3. Market rules with specific emphasis on:

- market design;
- definition of eligible clients and the pace of market opening;
- trading platforms;
- metering and settlement;
- market monitoring.

4. Customer protection and quality of supply with specific reference to:

- definition of end use tariffs for non eligible/franchise and vulnerable clients;
- criteria for the supplier of last resort;
- monitoring of technical quality (interruptions and voltage quality; gas pressure, heat content, odourisation and other gas safety standards);



Enti Rregullator i Energjië



Allegato A

Autorità per l'energia elettrica e il gas

- monitoring of commercial quality standards;
- incentive schemes for improving quality of supplies;
- end use energy efficiency.

5. Energy production and imports/exports with specific reference to:

- guarantee of origin of renewable energy generation;
- trading of green certificates.

ART. 4

The Parties commit themselves to collaborate, also through the mutual exchange of information, on the basis of a detailed, mutually agreed annual work plan in order to achieve the objective as per Art. 2. Said collaboration will be ensured by working groups, seminar series and workshops. Such initiatives may involve experts from renowned centres for research and education on regulatory issues, including the Florence School of Regulation.

ART. 5

The Parties will designate their respective officers for implementation of the Agreement. Within two months of the date of this agreement the above officers shall submit the annual work plan as per Art. 4 to their respective Chairman. Moreover, every six months, the above officers shall also report to their Chairman on the state of implementation of this Agreement, starting from the date of its coming into force.

ART. 6

The two Chairmen have the power to jointly reorient the activities foreseen in the work plan to the extent they see fit based on the progress achieved and on new developments in the regulatory environment and in the electricity and gas markets.

ART. 7

No legal rights and obligations can be derived by the Parties from this Agreement. The Agreement shall come into force on the date it is signed by ERE and AEEG. It will come to expire when both Parties jointly decide its interruption, when the objectives have been achieved or have become irrelevant.

Date,

ERE
Bujar Nepravishta
Chairman

AEEG
Alessandro Ortis
Chairman