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# Albanian Energy Regulator

*E R E*

Investments in the Energy Sector  
ERE's perspective

SOKOL RAMADANI– Chairman of ERE

# Highlights:

- **Simple Licensing procedures**
- **Connection and Access to the grid**
- **Feed -in Tariff for SPP**
- **PPA**
- **Guarantees of origin**
- **Secondary Legislation**
- **New Legislation**
- **Priorities procedures**
- **Developments in the natural gas sector**

# Simple licensing procedures

- Fast and transparent licensing procedures
- The licensing procedures developed by ERE allow the licensing of HPPs, TPPs and Wind farms for each installed capacity. The licenses are given for 30 years and can be renewed.
- For SPPs the licensing procedure takes less than 90 days

# Connection and Access to the grid

- Network upgrade
  - New Dispatch Center
  - New Interconnection lines
  - Upgrading of internal lines and sub/stations
  - New investments in transmission in total 140 million Euros
  - New investments shall facilitate the accommodation and access of new HPPs in the transmission network
  - New investments in distribution network
  - All investments cost reflected in transmission and distribution tariffs

# Tariffs

The tariffs set by ERE are cost reflective.

Actually ERE has approved feed-in tariff for HPPs with installed capacity up to 15 MW.

- Existing SHPP with installed capacity up to 15 MW, calculated by the following formula:
- Feed-in tariff
- $PU = (PR - PT) * (1 - LD \%)$
- where :
- **PU – Unique price of producers with installed capacity up to 10 MW**
- **PR – Average retail price for tariff customers in the Distribution**
- **PT – transmission tariff approved by the ERE**
- **LD% - % of technical losses in the distribution network approved by the ERE to calculate the unique price according to the formula.**

# Tariffs

- *New SHPPs commissioned after December 2006*
- *Feed –in tariff formula:*
  - *Where :  $P_{I(t-1)}$  – average import price realized by KESH for the previous period*  
 *$R_{ex}$  - Average Exchange Rate published by the Bank of Albania for next year*  
 *$1.1$  = Bonus given to the new SPP with installed capacity up to 10 MW*
  - *Theoretical Justification : In actual conditions of domestic generation , import price is considered like the cost of the best opportunity , if this energy is not generated by SHPP-s.*
  - *In fact the energy from import and the energy generated by SHPP-s is not offered from the same conditions.*
  - *If there would be a different situation of the open market and international and regional interconnection capacities would be different, the import price will be a good reference alternative.*

## **Advantages:**

- a. It is based on market prices.

## **Disadvantages:**

- a. There is a risk for fluctuation of prices for investors.
- b. Benefits from technical losses reduction in Distribution and Transmitting Sector go only for generators.
- c. It is used for one year only, and so it requires to be calculated annually.
- d. Can't be measured the stimulation effect.

# PPA

- Standard PPA approved by ERE
- PPA terms of contract negotiated by parties and approved by ERE for a period of 15 years
- Terms of PPA 15 years
- Take or pay clause

# Guarantees of origin

- The guarantees of origin for electricity generated from renewable sources are issued
- ERE is the authority by Law that certifies the electricity generation from renewable sources.
- ERE has developed and approved the Rules and Procedure for “Certificates of Origin”
- The guarantees of origin not only inform the domestic customer for the electricity produced from RES, but it enables investors (producers) to sell their power in EU member countries as green energy.



# Secondary Legislation

- Market Rules in place
- Grid Codes ( Distribution Code, Metering Code)
- Tariff methodologies

# New Legislation

- New Draft-Power Sector Law
- New Draft – Law on Renewables

( Both are in compliance with EU Directives, respectively Directive 2009/72 and Directive 2009/28)

- Retail Market Liberalization

( By 2015 all customers to be eligible)

# Priority Procedures

- SPPs
- Other renewable sources (wind, solar etc.)
- PPA plus Feed-in Tariffs
- Facilitation of licensing procedure for SPP and other market participation

# Developments in the Natural Gas Sector

- Actually Albanian is not connected in the international gas network
- The Legislation on natural gas is based on EU Directives, primary Law approved three years ago
- The Government has strongly supported proposals for construction of gas pipelines in Albanian.
- TAP project one of the most important and attractive gas projects for Albania and not only.
- IAP project and Balkan gas ring are important project than can be complementary of TAP project for gasification of Albanian and SEE region.

## Concept of TAP & Energy Community project



**TAP and IAP both constitute half of the ECR (Energy Community Ring)**

# Gas market in Albania

- There is one Combined Cycle power generation plant of 97 MW convertible to NG and expandable up to 300 MW was completed near Vlora town in year 2010.
- Other industries may consume NG as well
- There is interest from different investor to construct LNG plants
- There are plans to construct the gas ring in Balkan
- Actually ERE is preparing the secondary legislation on gas.