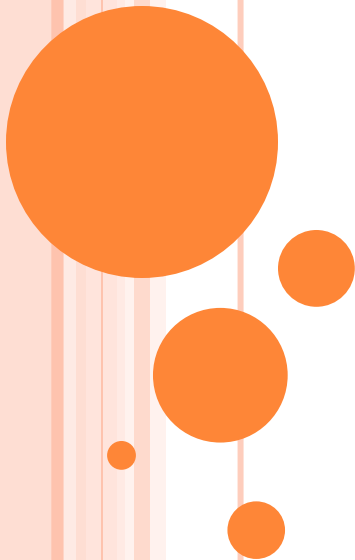
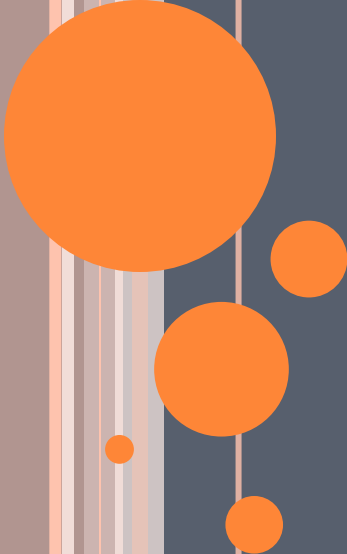
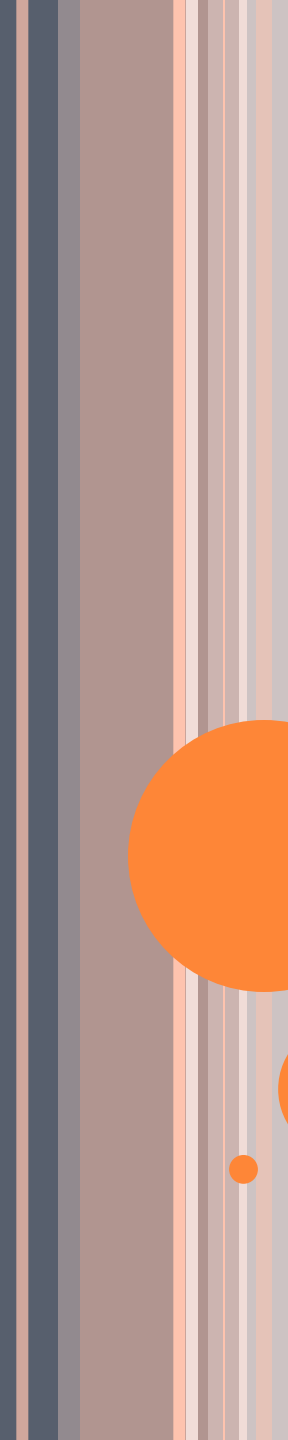


A BRIEF VIEW TO:

**THE ENERGY REGULATOR'S ROLE ON
RENEWABLE SOURCES GENERATION
&
ALBANIAN POWER GENERATION
INDUSTRY (PGI)**

**Abaz ALIKO
ERE Board Member**





**A BRIEF REVIEW TO:
THE ENERGY REGULATOR'S
ROLE ON RENEWABLE SOURCES
GENERATION**

REGULATOR'S LEGAL RESPONSIBILITY

○ Present sources of the legislation:

- Law ON POWER SECTOR (No. 43/2015)
- Law ON RENEWABLE ENERGY RESOURCES (No. 138/2013)



REGULATOR'S OBLIGATION ACCORDING TO LAW NO.43/2015 "ON POWER SECTOR"

- **Public service** (Article 3, point 10 and 75; Article 47, point 2)
- Energy produced by renewable sources is *handled as a public service*. It shall be handled by a licensee in charge of public service obligation decided by ERE in accordance with the conditions determined by a Council of Ministers Decision.
- **General objectives of ERE regarding the renewables**
- Two from seven general objectives of ERE are:
 - b) Establishment of the facilitating conditions for *access to the grid* for new generation capacity, as well as the removal of barriers that could prevent access for new participants and of those generating electricity from renewable sources;
 - e) Commitment in the development of a secured system, sustainable, non-discriminating, reliable and secure system for *integration in a large scale* of power generation from renewable sources.



REGULATOR'S OBLIGATION ACCORDING TO LAW NO. 43/2015 "ON POWER SECTOR"

- **License process** (Article 20/b)
- ERE has the right to determine the rules and requests for granting, modification, transferring, renewal and withdrawal of licenses for (renewable) generators.
- **Third-party grid access** (Article 29, point 1)
- Electricity generated from renewable energy sources, shall have priority and guaranteed access to the electricity grids. ERE approve and publish *access grid tariffs*.



REGULATOR OBLIGATION ACCORDING TO LAW 43/2015 “ON POWER SECTOR”

- **Electricity Dispatch** (Article 61, point 3)
- TSO company shall give priority to electricity produced by renewable sources. In cases when TSO or DSO take measures to reduce the produced capacity from renewable energy sources, ERE prevents unnecessary reduction of the produced capacities.



PRELIMINARY COMMENTS ON LAW NO. 138/2013 “ON RENEWABLE ENERGY RESOURCES”

- This Law is drafted on 2013.
- Different shareholders, including the government, did not consider it comfortable to fulfil the policy objectives for renewable energy.
- On 2014 it was decided by law the postponement to become effective for January.01.2015 (Law 26/2014).
- Its implementation “Brokenly” and has not produced the desired effects.
- It is being worked for a new law on renewable energy.
- As consequence the effective law shall be taken shortly into consideration.



THE LAW DEFINES PRIORITY AND NOT PRIORITY PRODUCERS

- “Priority producer” means any electricity producer from renewable resources, with installed capacity up to 15 MW for all the plants constructed by the company, which profits from (i) *feeding tariff mechanism* and (ii) *who have signed the power purchase agreement (PPA) with the company which is obliged to purchase electricity produced by renewable resources.*
- s) “Not priority Producer” means any producer, who does not profit from the mechanism of introducing the electricity tariff in the grid.



REGULATOR OBLIGATION ACCORDING TO LAW ON RENEWABLE ENERGY RESOURCES

- **Support for coordinating the license and permission requests (Article 10, point 2)**
- ERE approves the necessary procedures and documentation for connecting the generating objects in the grid.
- **Solving the disputes for the connection in the grid (Article 13)**
- ERE solve any dispute between one grid system operator and one producer, requiring connection in the grid.



REGULATOR OBLIGATION ACCORDING TO LAW ON RENEWABLE ENERGY RESOURCES

- **Rules to be applied for connection in the grid** (Article 12, point 1)
- ERE, approves specific regulation and a model for “standard” agreement for the connection in the grid of the plants producing electricity from renewable resources;
- **Obligation to purchase electricity produced by energy renewable resources** (Article 14, point 2)
- ERE shall approve specific rules and a model for a “standard” agreement to purchase electricity, signed by electricity purchaser produced by electricity renewable resources and the priority producer, for a 15 year period.



REGULATOR OBLIGATION ACCORDING TO LAW ON RENEWABLE ENERGY RESOURCES


- **Fix tariff for produced electricity (Article 15)**
- Council of Ministers, on ERE proposal, approves the methodology to impose fix electricity tariff that will be paid to priority producer, for all types of plants that use renewable energy resources.
- **Important note**
- Council of Ministers has approved a different methodology from the one defined in the Law.



REGULATOR OBLIGATION ACCORDING TO LAW ON RENEWABLE ENERGY RESOURCES

- **Guarantee of Origin (GO) (Article 18 - 20)**
- ERE, on producer's request, who has the authorization to construct or rehabilitate a plant using renewable energy resources, issues a guarantee of origin for any electricity or thermal unit produced by the plant.
- ERE monitors the issuance, transfer and cancelation of the guarantees of origin.
- ERE approves a special regulation for the application procedure for the guarantee of origin.
- ERE co-operates with all of the authorities of the EU member states and any country that is a contract party of the Energy Community Treaty for South East Europe to issue the guarantee of origin.



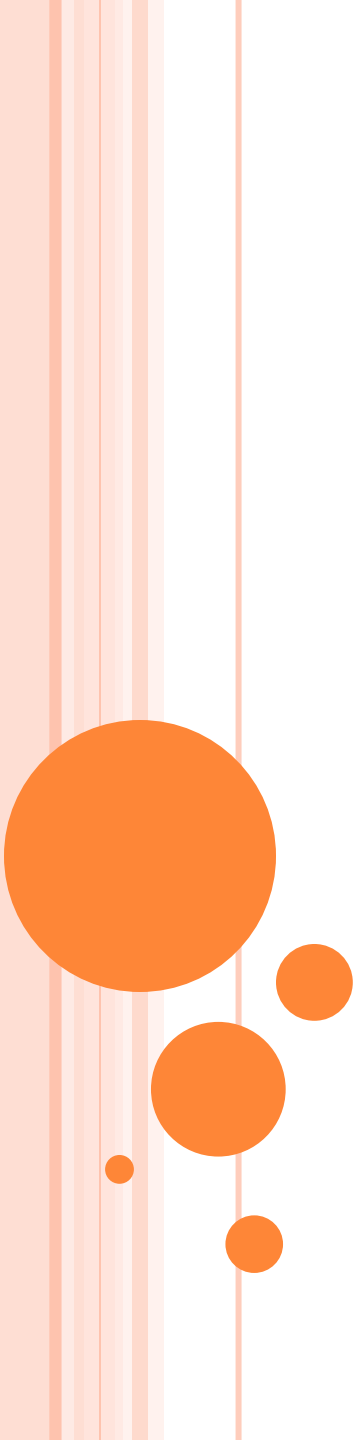


**A BRIEF REVIEW TO:
ALBANIAN POWER GENERATION
INDUSTRY (PGI)**

BACKGROUND

- Government instrument used to attract investments in renewable power generation:
 - Concession instrument
 - Incentives
 - Business environment improvement





EVOLUTION OF THE SNAPSHOT FOR RENEWABLE AND HYDRO-ENERGY USAGE

2007 & 2014

2007

No.	Name	Total 2007		KESH company		Concessionary + Private			
		MW	%	MW	%	MW	%	Number of owned companies	
Total		1470	100	1432	97.4	38	2.6	13	
1	HPP-s	1470	100	1432	97.4	38	2.6	0	
	2(a)	Big HPP-s (over 50 MW)	1350	91.8	1350	94.3	0	0	0
	2(b)	Medium HPP-s (15-50 MW)	71.7	4.9	71.7	5.0	0	0	0
	2(c)	Small HPP-s (up to 15 MW)	48	3.3	10	0.7	38	100	13
2	TPP-s		0	0	0	0.0	0	0.0	0

2014

No.	Name	Total 2014		KESH company		Concessionary + Private			
		MW	%	MW	%	MW	%	Number of owned companies	
Total		1824	100	1448	79.4	376	20.6	93	
1	HPP-s	1726	94.6	1350	78.2	376	21.8	0	
	2(a)	Big HPP-s (over 50 MW)	1350	78.2	1350	100	0	0.0	0
	2(b)	Medium HPP-s (15-50 MW)	168	9.7	0	0	168	44.7	6
	2(c)	Small HPP-s (up to 15 Mw)	208	12.1	0	0	208	55.3	87
2	TPP-s		98	5.4	98	100.0	0	0.0	0

WHAT IT IS VIEWED

- Total installed capacity for electricity generation is significantly increased from 1470 MW in 2007 to 1824 MW in 2014, or an increase of 354 MW or 24 %.
- Total addition of the installed capacity about 354 MW is 72 % (256 Mw) from concessionary and private companies and only 28 % (98 MW, Vlora TPP) from public generation plants (KESH company).
- The addition about 256 MW installed capacity from concessionary and private companies is for the use of **hydro resources**.



INCLUSION OF PRIVATE CAPITAL

- On 2007 there were 13 concessionary and private companies owning only 38 MW of the installed capacity.
- On 2014 were 93 concessionary and private companies owning 376 MW of the installed capacity.
- The increase in percentage of the installed capacity that is owned by concessionary and private companies for seven (7) years is about 10 (ten) times (or 990 %).
- While on 2007 they occupied only 2.6 % of the total installed capacity, on 2014 they occupy 20.6 %.



BRIEF CONCLUSION

- Although it is reached the absorption of one part of private capital in generation, this is moderate compared with the country needs for generating capacities, with public companies capacities or the investment possibility offered by electricity potentials of the country.
- It is not reached even the electricity wholesale sale-purchase of market operation because nearly all private and concessionary companies signed long term contracts with existing public companies dominant in electricity generation, to sale the generation with a price defined by the state.
- There are also expected positive developments regarding the development of wholesale market.





THANK YOU!

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