Trading Experiences in the Albanian Market and Neighboring Countries

Ermela Hoxha
Future Energy Al

future energy

AAES

AAES
Albanian Association of Electricity Suppliers

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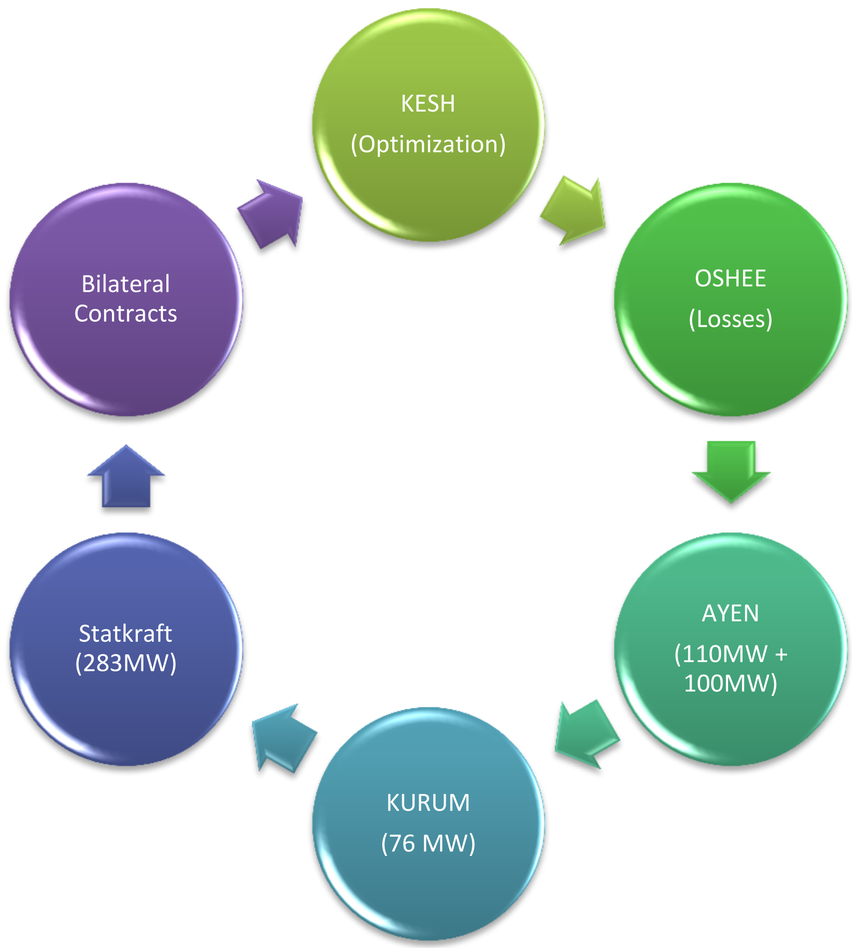
Wholesale Trade Factors

- ***A subject must be established locally and licensed by the Energy Regulatory Authority in order to participate on the CBC auction and perform transits.***
- ***There are no import – export – transit fees in Albania.***
- ***KESH and OSHEE have the right to participate to CBC auctions but they have chosen to be passive players.***
- ***Main active players in Albania: Future Energy, AXPO, GEN-I, AYEN, EFT, GSA, DANSKE, KURUM International***
- ***With the establishment of APE both KESH and OSHEE shall become active players in the market which will also provide transparent and efficient procedures through electronic platform.***

Wholesale Trade Factors



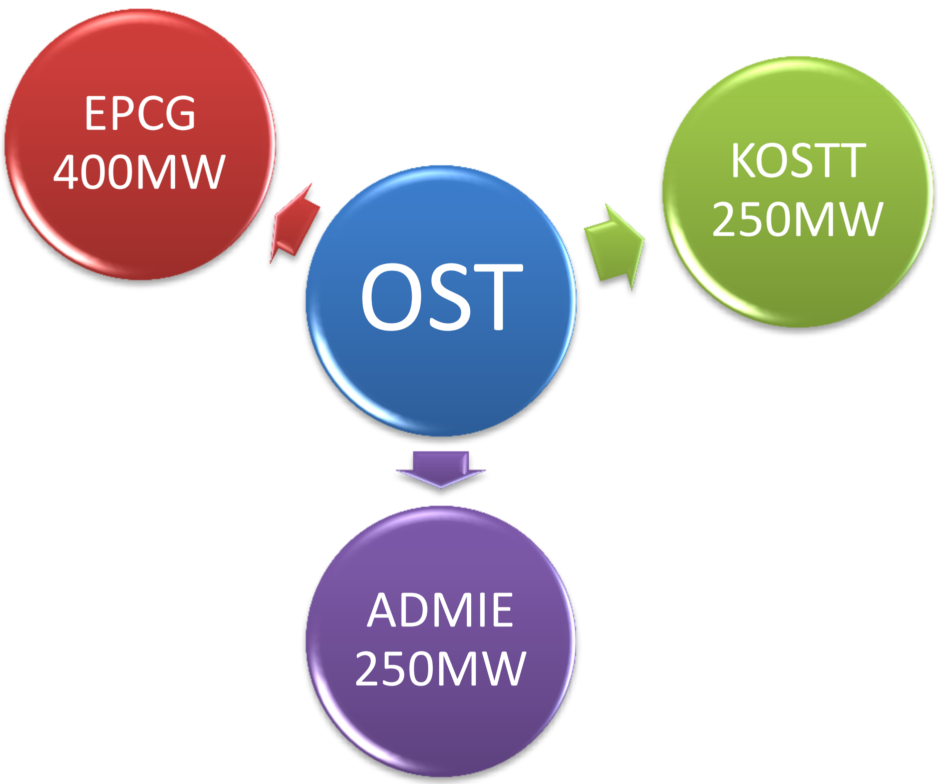
2015 Data:

Generation 5,4 TWh

Demand 6,8 TWh

Imports 1,4 TWh

Cross-border Trade



Auctions:

OST – KOSTT (Split auctions in EMS and OST)

OST – EPCG (Explicit auctions on SEE CAO)

OST – ADMIE (Explicit auctions on SEE CAO)

Retail Supply Factors

As of January 3rd, 2012, all customers connected to HV and/or with yearly consumption above 50 GWh, are considered as Eligible Customers. Actually 7 Eligible Customers are purchasing the energy from the market, with estimated annual consumption ~ 8.760 GWh (~ 11% of the overall consumption).

Steel Industry → Cement Industry → Chrome Refinery → Oil Refinery

Law No. 43/2015 specifies that the MV and LV industrial customers shall be also liberalized but this has not been adapted yet.

Retail Supply Factors

- The opening of the market in 2017, is expected to reach the level of 40%, i.e. 2.2 TWh (based on the current data).

- Customers connected to the 35kV line are estimated to be 102 subjects with an estimated annual consumption ~ 40 GWh. They are expected to be liberalized on June 2016.

- For 2015, ERE has approved for the first time the DSO tariff for accessing the customers connected to the 35 KV voltage level.

- It is expected from the ERE to establish different access tariffs for different voltage levels based on the system losses.

Retail Supply Factors

CLIENTS	CONSUMPTION IN MWH (2015)	DEADLINE FOR LIBERALIZATION
Clients connected in 35kV line	36 509	01.07.2016
Clients connected in 20 kV line	271 881	01.01.2017
Clients connected in 10kV/6kV line	508 079	01.01.2018

Balancing Mechanism

- ***Balancing mechanism was approved on February 2012, and is based on hourly basis, when the calculations for the imbalances costs are based on the KESH import price with the addition of 10%, and in case of no KESH imports, on the price of small HPP with the addition of 20% (for the negative imbalances), and on the price of the KESH (for the positive imbalances).***

- ***The imbalances within the frame of ±1%, are compensated physically within next week.***

- ***The price of the small HPP for the year 2016 is 70.07 EUR/MWh, and the price of KESH is 10.40 EUR/MWh.***

Balancing Market

- **TSO is responsible for the balancing mechanism as per the market rules in force.**
- **In its quality of generator, KESH is the provider of the physical balancing.**

The current mechanism is unfair and discriminatory!

The current balancing mechanism does not follow the price trend. It is not calculated on hourly basis, not even on HT or LT basis, but rather on monthly basis and calculated annually.

1. **IPPs are not allowed to provide ancillary services to TSO.**
2. **Retail customers through a virtual power pool are not allowed to provide ancillary services to TSO.**

Future Challenges

- *Establishment of the APE*
- *Construction of the interconnection line Albania – Fyrom of 400MW*
- *Injections from IPPs*
- *Market liberalization*

THANK YOU