

# STATKRAFT

**Trading experiences in the Albanian market**

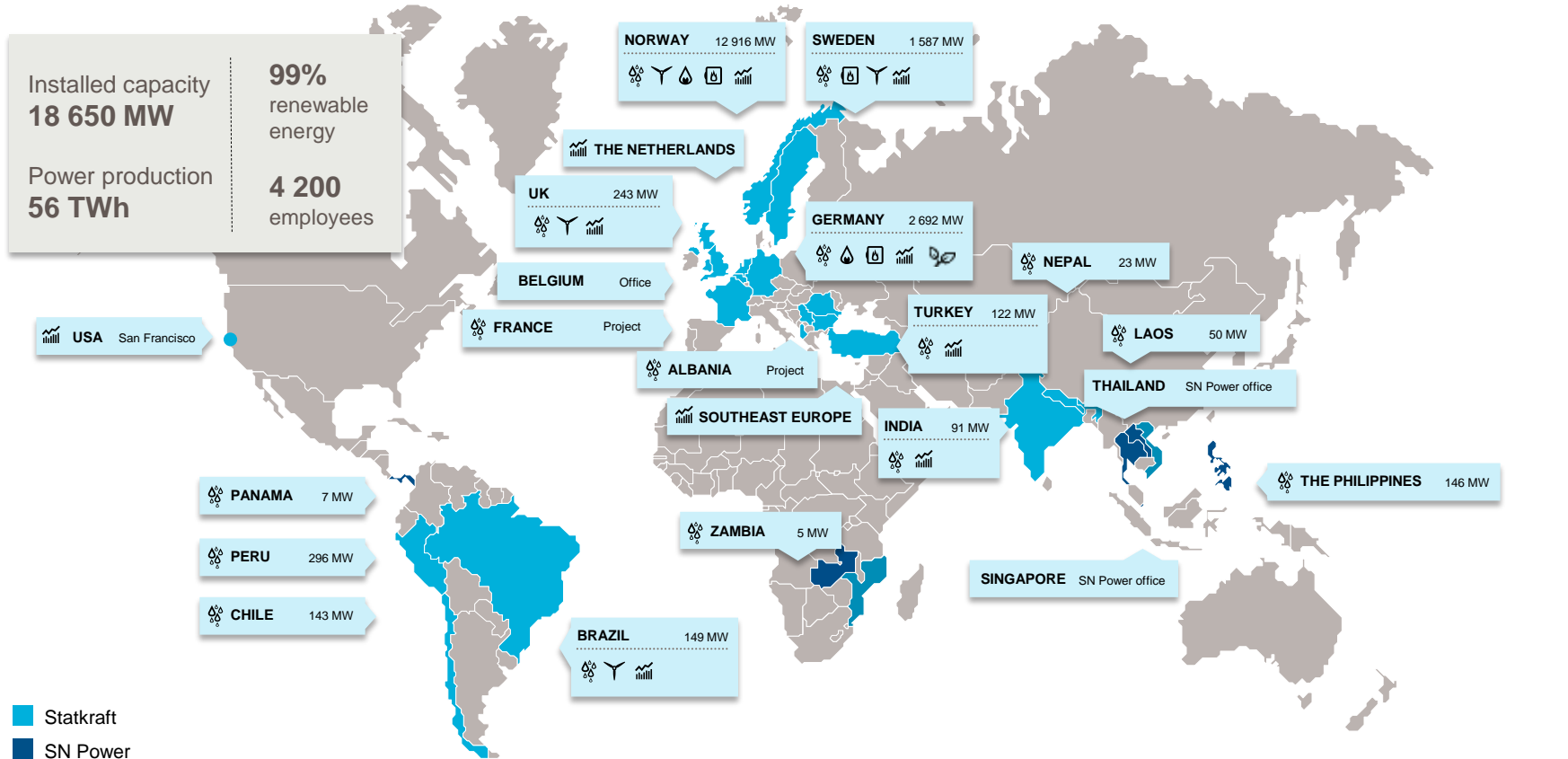
Tirana 14 September 2017

**Tom Kristian Larsen**

**Managing Director, Devoll Hydropower**



# Statkraft's global presence



# Europe's largest producer of renewable energy



European Flexible Generation



Market Operations



International Power



Wind Power



District Heating



New Business Development in Norway

# Devoll Hydropower Quick Facts



- ▶ Statkraft in Albania since 2007. DHP established 2008.
- ▶ The Law on the amendment of the Concession Agreement effective as of 1 April 2009, amended.
- ▶ BOOT concession (Build, Own, Operate, Transfer)
- ▶ 2 plants; Moglice 183 MW and Banja 73 MW.
- ▶ Total 256 MW / 729 GWh (17% of installed capacity in Albania. Power equivalent of ~ 160,000 households)
- ▶ Construction of Banja completed on time and cost – COD Q3 2016
- ▶ Constructing one of the worlds tallest asphalt core dams at Moglice – COD 2019
- ▶ Total investment approx. €535mill Euros + Replacement Roads
- ▶ Responsible business conduct – HSE, E&S, Business Ethics



# Albanian energy reform well underway...

- ▶ Albanian Power Sector Law of 2015 a major step towards market liberalisation
  - Albania Government committed to implement the EU Third Energy Package
  - Opened for establishment of Day Ahead Market in Albania
  - Removed transmission tariffs for exports – Regional market available for electricity producers and traders in Albania with counterparties in the region.
- ▶ SEECAO established 2014, started operation “Go-Live” in 2015
  - Efficient and transparent allocation of X-border capacities between participating countries (Greece, Albania, Montenegro, Turkey, Croatia, Bosnia, Macedonia), based on merit order dispatch
- ▶ Albanian transmission system operation harmonized with EU requirements
  - OST became member of ENTSO-E March 2017
- ▶ Market Model and Roadmap for establishment of Albanian spot market approved by Council of Ministers in July-2016.
  - Amended Energy Law prepared and ready for DCM and Parliament Approval.
  - ~50 changes in secondary legislation drafted and ready for implementation.
- ▶ Power Exchange (APEX) anticipated opening 2018

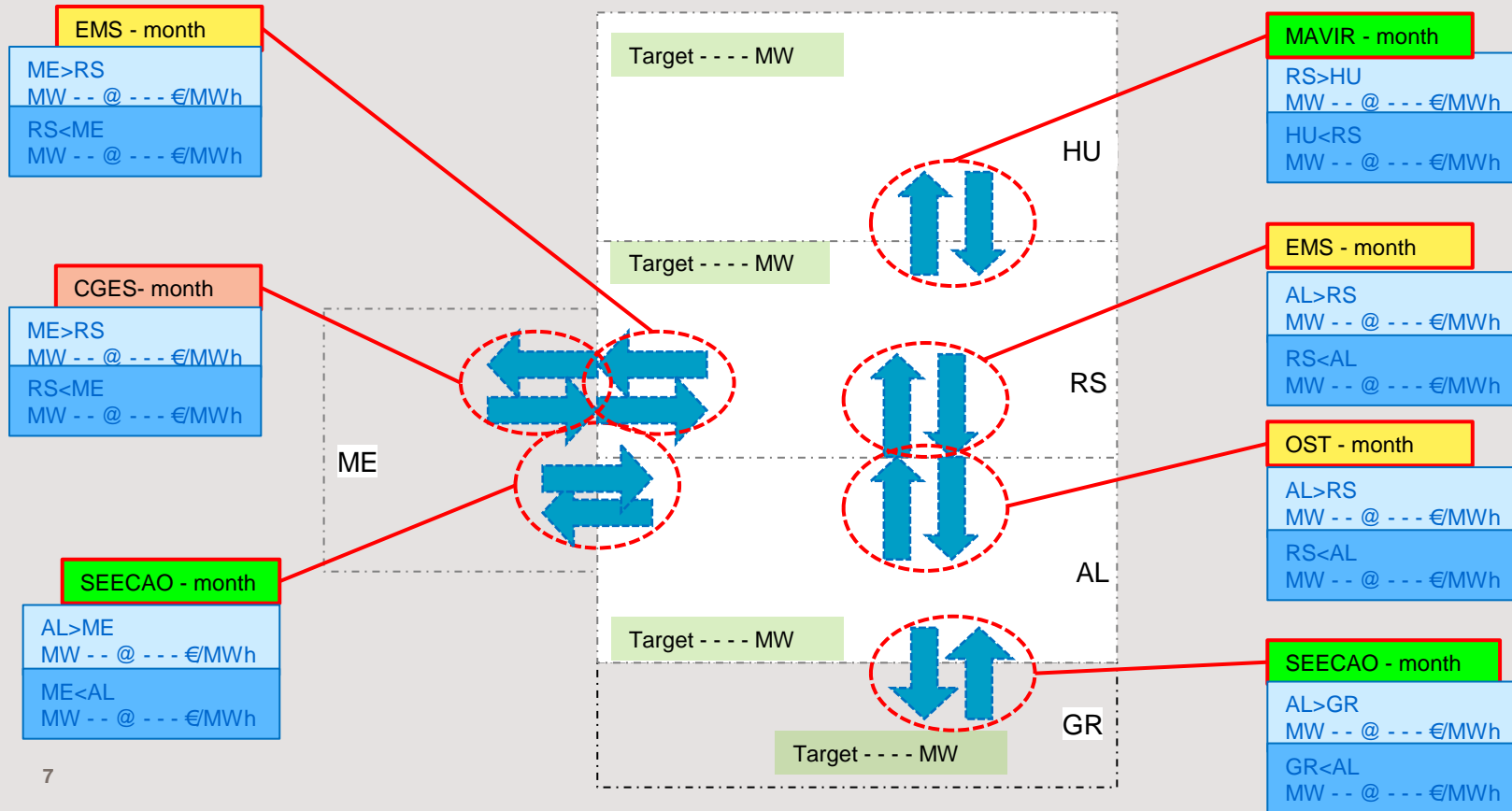
# Statkraft active in Albanian market since 2016

- ▶ Started with limited T&O activities to test the market and cover for imbalances.
- ▶ Banja HPP generated power has been available in the free market since September 2016
- ▶ Local market trades mainly baseload, while we could deliver successfully peak and other profiles.
- ▶ Banja energy predominantly exported to regional spot market (HUPX)
- ▶ Participated in 19 OSHEE and KESH, “auctions” till date
- ▶ No market yet to offer and deliver reserve power for secondary and tertiary systems reserves.

# Utilizing SEECAO, EMS, CGES, MAVIR and OST for capacity allocation in the region – complexity in volumes and prices

## Monthly plan on cross-border capacities

- Marginal price, Use-It-Or-Sell-It
- Marginal price, Use-It-Or-Lose-It
- As-bid price, Use-It-Or-Lose-It



# OSHEE / KESH Power Purchase Procedures

- ▶ Albanian institutions hold potential as major off-taker, but Statkraft participated with small volumes till date.
- ▶ Current procedures lack transparency, curtailing market efficiency and level playing field.
  - The procedures are not appropriate asking participants few times to increase volumes and decrease prices, without providing any new information from the buyer.



## New proposed e-platform offers improved procedures which will increase transparency and efficiency, however;

- ▶ Full information about all offers submitted should be available to all participants immediately, not only those qualifying for the next rounds;
  - Final results of tender, i.e. prices and volumes should be published in all rounds to all participants ;
- ▶ Method of the marginal price should be applied: i.e. all selected winners to sell to OSHEE at same price, equal to the price of the marginal offer;
- ▶ Tender participants should be allowed to submit offers with more than one step for energy volume and price;
- ▶ Electronic platform for tender procedures should be implemented so that all participants will place their bids/offers anonymously, but visible to all other competitors. If this is done repetitively within set time limit (1-2 hours) the buying price of OSHEE would then be decreased until reaching a balance between the OSHEE demand and participants who still want to sell at that price.

# Power market outlook

- ▶ Albanian power exchange will be a very positive step ahead and should be implemented as soon as possible;
- ▶ Measures should be taken to ensure the entire market is established in transparent, liquid and efficient way;
  - Full liberalisation of the power market, including full unbundling of State power institutions;
  - Promotion of OTC (Over-The-Counter) trading using brokers platforms;
  - Functioning balancing market;
  - Market for ancillary services (reserve power);
  - Market-based methods for grid losses procurement by system operators (OST, KOSTT);
  - Single place for x-b allocation (SEECAO) with “use-it-or-sell-it” principle at all borders;
  - Intraday market;
  - Market coupling with neighbouring markets.



**THANK YOU**



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