

## Albanian Centre for Energy Regulation and Conservation - ACERC in Five Enquiring Questions

by Dijana Hinic

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Market Player: What was the idea behind establishing Albanian Centre for Energy Regulation and Conservation - ACERC? What is your mission and vision?.....read more on page 20.

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## HEP shares to be listed on Zagreb stock exchange in October?

by Dijana Hinic

**CRO** The initial public offering (IPO) for a part of HEP Group shares may be launched this October on the Zagreb stock exchange, a government source told Croatian daily Jutranji list. Earlier in February it was reported that IPO could be launched, and by the end of the month more details were brought up.....read more on page 22.

### Hot Topic

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**38.97**  
MPEIndex  
calculated on prices  
of market survey of  
28.02.2015.

**GERMANY**  
32.60  
— MAR'15 —  
**HUNGARY**  
37.95



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### Natural Gas Wholesale Prices from bilateral trades assumption

Country	Deliveries	EUR/MWh
DE	MAR'15	23,69
AT	MAR'15	24,40
TR	MAR'15	24,30
SEE <sup>1</sup>	MAR'15	31.00 - 39.00

### Emissions' Certificates Prices assumptions

Period	Period	EUR/t CO <sub>2</sub>
EU-EA <sup>2</sup>	2013-2020	7,08
Green-CER <sup>3</sup>	2012-2020	0,02

### Coal Wholesale Prices bilateral trades assumption

Country	deliveries	USD/t
DES ARA <sup>4</sup>	MAR'15	63,70
FOB RB <sup>5</sup>	MAR'15	64,12

ELECTRICAL ENERGY (€/MWh)											28.02.2015
Market:	IT		DE		HU		CZ/SK		GR		
Profile:	BASE	PEAK	BASE	PEAK	BASE	PEAK	BASE	PEAK	BASE	PEAK	
MAR'15	51,00	62,40	32,60	39,50	37,95	47,15	34,30	42,15	50,54	55,59	
CAL'16	48,00	54,62	33,00	42,05	41,80	52,45	35,20	45,75	53,65	59,02	
Market:	SLO		CRO		SRB		RO		BG*		
Profile:	BASE	PEAK	BASE	PEAK	BASE	PEAK	BASE	PEAK	BASE	PEAK	
MAR'15	38,10	45,72	38,15	45,78	38,10	45,72	36,30	43,56	35,25	42,30	
CAL'16	39,75	50,48	42,10	50,52	42,05	50,46	38,80	46,56	34,45	41,34	
Market:	BIH		MNE		MK		AL		TR		
Profile:	BASE	PEAK	BASE	PEAK	BASE	PEAK	BASE	PEAK	BASE	PEAK	
MAR'15	38,06	45,67	38,05	45,66	39,50	47,40	38,65	46,38	48,47	53,32	
CAL'16	41,95	50,34	42,25	50,70	44,25	53,10	45,05	54,06	55,25	60,78	

\* Presented price is without export fee which is additional 4 EUR/MWh for BG

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Price survey by  
**STRATEGA EAST**  
ENERGY INVESTMENTS CONSULTING

MPEIndex - Market Player's survey of bilateral market trades, calculated as average front month Electrical Energy price index for Southeast Europe (HU, SLO, CRO, SRB, BIH, MK, MNE, AL, RO, BG, GR)  
1 - SEE stands for Southeast Europe; 2 - stands for EU Emission Allowances; 3 - stands for Green Certified Emission Reductions; 4 - DES ARA stands for Delivered Ex-Ship at the ports of Amsterdam, Rotterdam or Antwerp in the Netherlands where ARA's coal quality parameters: Calorific Value 6000 kcal/kg, Total Moisture 12-15%, Volatile Matter 22-37%, Ash 11-15%, Sulphur 0.75-1%, Hardgrove Grindability Index 45-70, Nominal Topsize 50mm; 5 - FOB RB stands for Free On Board at port of Richards Bay in South Africa where RB's coal quality parameters: Calorific Value 6000 kcal/kg, Total Moisture max 12%, Volatile Matter min 22%, Ash max 15%, Sulphur max 1%, Calcium Oxide in Ash max 12%, Hardgrove Grindability Index 45-70, Nominal Topsize 50mm  
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## AL Albanian Centre for Energy Regulation and Conservation - ACERC in Five Enquiring Questions



**Exclusive interview with Director Adv. Lorenc Gordani, PhD, in prospect of the second anniversary of the foundation of ACERC**

**Market Player:** What was the idea behind establishing Albanian Centre for Energy Regulation and Conservation - ACERC? What is your mission and vision?

**Lorenc Gordani:** ACERC was established legally more than a year ago, but the engagement of its main stakeholder has begun a very long time ago. As a founder member of the ACERC, for me personally the idea rose back from 2008 and came as a natural outcome of my PhD work researches on the regulation of the energy sector in Albania and the integration in the European energy market, completed in the spring 2013 in the University of Pavia, Italy.

Then, from March 2013 on, I proceed with the conception of the Albania Energy Market - AEM within founding scheme of a spin-off oriented towards a provider platform on legal framework and the related strategic policy of energy market. This experience has put me in contact with different professionals, and from September 2013, matured the idea to proceed with a common project established as a research and advisory institute, non-governmental and not profit, regularly register nearby the court of Tirana, Albania.

The overall main work focus is to cover the energy law and regulatory policy on 8<sup>th</sup> region area of IEM and particularly the Western Balkans and Albania, with mission to give a qualified contribute to the fostering regional integration and enhancing consumer benefits. Indeed, the ACERC services are based on in-depth knowledge of EU and Regional energy laws and policies, and strive toward the promotion of an effective market design concerning liberalisation and integration, as well as a sustainable development and efficient uses of energy resources.

**Market Player:** What kind of experts are gathered around



ACERC? What is your focus of activities?

**Lorenc Gordani:** As introduced, the development of the AEM project to Albanian Centre for Energy Regulation and Conservation - ACERC, responded to the evolution in the energy sector and came within a R&D scheme, aggregating a group of professionals based in Tirana, but with wide local and international expertise in both academics and developing projects.

Than our founding mission prospected toward the enlargement of our contacts with a qualified professional network from all the Western Balkans and more abroad, dedicated to cooperation on the development of an integrated strategy for the WBs, modulated by the simultaneous regional mechanisms of references, in the function to the full realisation of the paradigm of competitive efficiency, as a trait d'union of contemplation of the commodity view with the public services obligations, in compliance with the all-comprehensive general economic interest of our region.

Our network already includes a large group of members of noteworthy expertise which is evidenced by the professional positions and wide-ranging interests in multiple sectors and in particular the energy field. In ACERC, we are proud to say that we are already involved in the research and delivering activities related with the area of energy market and infrastructure in different international, regional and national conferences, groups and activities. In regard, there are different channels of communication that report about our daily work starting with the official webpage of ACERC.

**Market Player:** What have you achieved so far and what are ACERC plans and future projects?

**Lorenc Gordani:** The previous period has been fruitful in light of presenting and reinforcing of our basic work pillar and the earning of the reputation of providing the highest quality and most updates notices & analysis about the rapid changes in the Albanian business environment. Developments that have pushed us closer to the main areas of practices comprise specialised legal support, strategic business counsel, as well as research project development and management. In specific we have been offering the expertise and formulating the sceneries to the practices within the framework of dynamics of the market model in a rapid change of the regional integrate environment.

Nerveless our ambition is to emerge as a prominent energy think tank in Albanian area with a reference to the Western Balkans. Based in the above experiences, in the future fundamentals are seen as the integration of the network among practitioner and academics on the applied research and ability to offer the strategic legal expertise for the industry, government, international institution and interest groups within the EU internal market and specifically WBs region.

Therefore, one of several short upcoming plans is the release of an online magazine i.e. Albanian Energy Market Journal, with an aim to deliver mostly researches that came from the academics background in the energy market and related topics. This is foreseen as the first step which will be followed with organisation of workshops and summer/winter schools, executive seminars, as the final outcome will be hosting and organising international and regional conferences.

**Market Player:** Why is the institute as such important for Albania and other West Balkans markets?

**Lorenc Gordani:** The regulation of the energy sector in WBs is to be envisaged in a long-term outcome of commitment to create a common integrated and competitive internal market in light of the full integration in the EU. Nevertheless the progress made, the achievement of competition through the removal of all the barriers and the complete integration remain a great challenge for exploiting the full potential of the market itself and complement of the EU integration process.

Meantime, in WBs and particularly the Albania, competences are required, not only on the state level, but also in enabling the potentials of all players in the action field. This is important not just to close the ongoing transposition settlement procedure, but also to ensure the proper development of national sectors in a well-functioning regional wholesale market. In regard is the effort of ACERC, as well as the others similar think tanks taking place abroad, that can stimulate a better settle of the integration, which have to work to the final benefit of energy consumers.

**Market Player:** What benefits do energy market participants gain from following your work?

**Lorenc Gordani:** The ACERC provides a unique specialised centre in multi-disciplinary services related to the energy market of the 8th Regional area of WBs and in particular the Albania area of the IEM. A relevant part of which pass through an online intuitive platform that comprise from exclusive news to analysis, from fundamentals to forecasts, bringing together all the relevant information needed in a single intuitive desktop and delivers the complete tools package for successful business developing.

Therefore all the interested parties and especially a new comers and small business working in the energy & utilities, oil & gas, relate infrastructure, mining, as well as the professional services, construction, transport, telecommunications & technology for the first time, have the possibility to have access in one single location to highly skilled professionals, each displaying several years of experiences in areas ranging from legal and regulatory, strategic policy to engineering and finance, but all having in common a particular focus on regulation and efficient use of energy within their respective fields of expertise.

D.H.

## **SLO** Market Coupling successfully launched on Italian borders

On 24 February Market Coupling was launched on the Italian-Austrian, Italian-French and Italian-Slovenian borders, which became coupled with MRC (Multi-Regional Coupling). Six transmission system operators (ADMIE, APG, ELES, RTE, Swissgrid, TERNA) and five power exchanges (BSP, EPEX SPOT, EXAA, GME and LAGIE) were engaged in Italian Borders Working Table (IBWT) project which implements the European target model for day ahead capacity allocation and congestion management.

“Today for the first time, capacity for the Italian-Austrian, Italian-French and Italian-Slovenian borders has been implicitly allocated through the PCR (Price Coupling of Regions) solution for the Day-Ahead markets, making those borders part of the MRC. This full price coupling allows the simultaneous calculation of electricity prices and cross-border flows across the region. This will bring a benefit for end-consumers derived from a more efficient use of the power system and cross-border infrastructures as a consequence of a stronger coordination between energy markets,” EPEX SPOT stated in a press-release.

“Day-ahead trading is one of the most common and widespread energy market activities with thousands of deals being made across Europe each day. Countries such as Slovenia, who were yet to fully blend into the common

European energy area, had to mostly rely on complex trading processes. This basically meant that hundreds of phone calls were being made directly between traders in order to ascertain, check and negotiate the price, place orders and arrange payment. On top of all that a set of follow-up activities was required in order to arrange for transport of the purchased electricity into or out of the national grid,” BSP South-Pool, Slovenian power exchange, stated in a press-release describing the procedure used before Market Coupling. The company further named the benefits market participants operating on Slovenia-Italy border will enjoy now on.

“From this day on access to the Slovenian day-ahead exchange market is open to traders from all over Europe, who no longer have to worry about chasing down the best price or finding the cheapest home route for their newly purchased power. Common European implicit trading algorithm deals with all of that, matching supply and demand to give all auction participants the best possible price, while ensuring that the whole process is both unbiased and transparent.”

From the perspective of BSP SouthPool, the integration into common European energy market brings many new opportunities, as the exchange is now opened for business to all traders within Europe and obtained an access to the same