

# Energy consumer protection in Albania

*From the contribution of the Albanian Member, the Energy  
Regulatory Authority (ERE)*



Consumers Working  
Group  
(CUS WG)

*Empowering Mediterranean regulators  
for a common energy future*

## ABSTRACT

This document provides exhaustive information on the consumer protection measures and communication channels put in place in Albania by the Albanian Energy Regulatory Authority (ERE) "ERE".

It sheds light on the measures that were taken by the Albanian Regulator during the energy crisis to protect vulnerable consumers from increased energy prices. In addition, it provides detailed information on the communication channels used, the mechanisms in place to empower consumers to make informed decisions, energy bills and complaint procedures. It also gives a hint of the broad Albanian energy policy, the diversification of energy sources and the efforts deployed in the country to improve regional market integration. Finally, it exposes the main challenges encountered by ERE to effectively protect vulnerable consumers in Albania and how MEDREG is supporting ERE to overcome them.

## ACKNOWLEDGMENTS

This report is based on insights provided by Erjola Sadushi who is Commissioner of the Albanian Energy Regulatory Entity (ERE) and who previously served as Director of Legal and Customer Protection Directory. Erjola is also Vice-Chair of the MEDREG's Consumer Working Group. Her contribution was shared in a podcast registered in January 2024 titled "Energy consumer protection in Albania and Algeria".

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## ABOUT MEDREG

MEDREG is the Association of Mediterranean Energy Regulators, bringing together 28 regulators from 23 countries, spanning the European Union, the Balkans and the MENA region.

Mediterranean regulators work together to promote greater harmonization of the regional energy markets and legislations, seeking progressive market integration in the Euro-Mediterranean basin. Through constant cooperation and information exchange among members, MEDREG aims at fostering consumers rights, energy efficiency, infrastructure investment and development, based on secure, safe, cost-effective, and environmentally sustainable energy systems. MEDREG acts as a platform providing information exchange and assistance to its members as well as capacity development activities through webinars, training sessions and workshops. The MEDREG Secretariat is located in Milan, Italy.

For more information, visit [www.medreg-regulators.org](http://www.medreg-regulators.org).

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## Setting the context of the Albanian energy sector

Albania's energy needs are provided mainly by hydropower plants. The country relies upon renewable energy completely. Although Albania is rich in water resources, it cannot meet all the country's needs for electricity. So being energy based on hydro resources, and when there is no rainfall, requires importing energy. The largest production company, KESH and the TSO and DSO are state owned companies.

### 1. What actions did the Albanian Regulator took during the energy crisis to protect vulnerable consumers from increased energy prices?

Primary legislation defines basic elements for protecting vulnerable consumers, including the concept, criteria for identifying vulnerable consumers, and requirements for licensed operators. Under the provisions of the law, the Albanian government determines criteria and procedures for obtaining consumer in need status. Criteria have been drawn up by the Ministry of Social Affairs, the Ministry of Energy, and the Ministry of Finance. Consultations with interested parties will follow.

Regardless of the stage in which the above document is, the existing energy compensation scheme in Albania provides protection for vulnerable consumers based on three types of energy compensation:

1. Compensation covering the effects of the removal of the threshold for the electricity consumption up to 300 kWh.
2. Compensation for the increase in the price of electricity, for the consumption level of 200 kWh. Households can apply for both measures.
3. Compensation for persons with special disability status.

ERE has approved an important document related to the specific protection on the circumstances for the interruption of electricity for consumers in need.

I would like to emphasize that The Universal Service Supplier is obliged to:

1. Ensure uninterrupted service for the vulnerable customers, when the customer or any member of his family use devices for the life support that operate with electricity.
2. The electricity supplier should not interrupt the supply for failure to pay when the customer benefits from the "vulnerable customer" status, except when in the previous 12 months, the supplier provided twice a suitable payment plan and the consumer refused.
3. The Electricity supply should not be interrupted on the days when the supplier does not provide the service for the customers on Customer Care Centres, etc as defined in the regulation.

We believe it is an important document for consumer protection defining clear rules for the criteria and procedures to be followed by the Universal Electricity Supplier in case of electricity supply for Vulnerable Consumers.

During the period of the energy crisis and surged prices, both the government and the National Regulatory Authority (NRA) implemented measures that would protect consumers. These measures were designed to alleviate some of the financial impact as a result of rising energy costs. While there were several initiatives, I believe it is important to highlight certain measures that had a particularly direct impact on consumer protection.

- On October 2021, the Government of Albania decided to declare a state of emergency, in the electricity sector which after various changes/postponements, remained in force until December 2023.

- Another measure taken by the Government was the Act on Public Service Obligation. Thus, the Albanian Government decided that all electricity produced by KESH (the public producer and the largest in the country) should be passed on to the universal service provider. KESH also has the obligation to sell energy at a reduced price to SOLR consumers (connected to 20/10/6 KV).
- KESH must also cover the energy needs of TSO to cover losses in the transmission system and sell the remaining excess electricity to the universal supplier if necessary.
- Also, the Albanian Government provided the State Guarantee for the OSHEE Group; state-owned distribution system operator and universal electricity supplier; (The sum of 100 million euros was granted for 2021 and an additional 100 million euros for 2022) to guarantee the import of electricity at increased prices.

Under the Public Service Obligation Act, priority electricity producers are required to sell electricity at a regulated price during a state of emergency.

Additional measures implemented during the electricity sector's state of emergency involves financial support from the government, which covers 70% of the cost for installing solar panels on building to heat water.

Other measures include a requirement for state institutions to reduce consumption by up to 15%, with penalties imposed if not met.

During the energy crisis, ERE took a number of measures to address the situation at hand. In order to account for increased costs borne by network operators, network tariffs were raised. Additionally, ERE initiated a revision of estimated costs for consumers who receive Universal Service. It is important to note that there was no change in prices for these consumers.

To ensure that individuals were well-informed about the situation and how it may impact them, informative brochures were published on social media platforms as well as on the official website. This allowed customers to stay up-to-date and make informed decisions based on their individual needs.

In addition to raising network tariffs and providing informational resources for customers, ERE also imposed provisions aimed at ensuring supplier obligations were met including:

- easy access to services provided for individuals with disabilities; and
- mandatory customer information detailing rights and conditions associated with electricity supply prices, information regarding means available for repayment of outstanding debts and on their right to address their complaint to the institutions charged of protecting customer interests - including ERE itself, People's Advocate and Commission for Customer Protection.

## **2. How do you communicate with the final consumer to educate and engage them towards sustainable habits?**

ERE has implemented a Communication Strategy that enables effective communication with all interested parties through an open and comprehensive policy. It is essential to us to ensure that consumers are well-informed about their rights and the existing legislation, while also providing them with relevant information on how they can make efficient use of energy and reduce their costs. We understand the importance of presenting this information in a clear manner so that it does not become overly complex or confusing for the consumer.

To achieve this objective, we have provided concrete examples to illustrate our points. For instance, we have explained how each home appliance affects consumption levels and highlighted how incorrect usage can lead to higher

consumption rates. In addition, we have outlined alternative ways of sourcing energy such as becoming a prosumer instead of relying only on suppliers.

Furthermore, we believe that empowering consumers to be self-producers, is another important aspect of promoting efficient energy use. Through our efforts, we aim to provide comprehensive guidance on what needs to be done in order for individuals to take control over their own energy production.

Our approach is designed not only to educate consumers but also inspire them to make more informed decisions regarding their energy usage. By following these guidelines, consumers will be better equipped with knowledge necessary for cutting down costs associated with excessive power consumption.

### ○ How do you empower them to make informed decisions?

To effectively reach the end consumer, we implement regulatory practices that offer comprehensible access to information for all interested parties. Our communication policy prioritizes citizen involvement in the policy-making process by engaging with stakeholders at an early stage. Prior to making a regulatory decision regarding the adoption of a new tariff regime or changes in secondary legislation, ERE takes necessary measures to facilitate **consultation processes** such as hearings and ensuring that consumer interests are voiced throughout the policy-making procedure.

Our **consumer empowerment strategy** involves **sharing information** and **conducting campaigns** on general or specific issues, providing practical advice for consumers. Examples of our campaigns include educating consumers about their rights raising the following questions and answering them:

- What rights do end consumers have?
- How to make a connection with the distribution network?
- What is the Procedure for changing the supplier?
- What information should the energy bill contain, what and how should you pay your electricity bill?

**Another tool** we try to use in our goal to empower consumers is through **education**.

We consider **cooperation with different bodies** to be essential for consumer education. In our communication strategy we have identified cooperation with NGOs, Universities, business organizations and other public bodies, to have a significant cooperation to deliver education to consumers. We see them as a communication bridge and also may represent information and needs regarding citizens, vulnerable groups and other specific audiences. They could be part of policy making and research on strategic policies, and alternative solutions. The cooperation has been established through Memorandums with several faculties, among which we can mention the Faculty of Law, the Faculty of Economy in the University of Tirana, etc. The Albanian regulator is in the process of signing the MOU with the Energy Efficiency Agency in order to undertake joint initiatives of awareness and information campaigns for the consumer.

Here is a concrete example of the role an NGO can have to provide feedback for the regulator or public institutions:

during 2022, the Albanian Consumer Center has carried out monitoring of state institutions responsible for the protection of consumers. The monitoring had among its objective identifying consumer protection information through access to their official pages. In this monitoring, the ERE is positively assessed regarding the identification of consumer protection information by emphasizing the ERE "customer services" section which is well-functioning. Moreover, it has been identified that within the framework of consumer protection, the ERE has provided a link with the most common questions that the customers may have and where their answers are

available. Moreover, the importance of the complaint and the contact of the ERE's telephone line is provided, enabling to address the complaint to the respective session of this service, which is easily found on the ERE website.

#### ○ What kind of communication channels? And what information do you provide?

Considering the rapid and widespread digital development, we have adopted various channels to provide consumers with easy access to information. Our approach involves use a range of **digital platforms** such as **Instagram, Facebook, LinkedIn** to disseminate general information about consumer rights and tariffs, energy-saving measures, complaint management protocols, contact details for relevant parties, rules on switching suppliers or grid connections as well as quality-of-service standards.

As part of our commitment to transparency and accountability in information dissemination policies, we update our official **website** regularly with new content. This includes announcements regarding decisions made at ERE board meetings summarized for ease of understanding.

We also publish **brochures** prepared by different directorates within ERE that offer comprehensive insights into key aspects related to our operations.

Furthermore, we maintain updated **reports** featuring weekly, monthly, and quarterly data analyses along with **monthly newsletters** that cover all latest developments of ERE news and activities.

Overall, our aim is always clear: To ensure that every consumer has access not only to accurate but reliable information they need concerning their energy consumption so they can make informed choices about how to manage their consumption while being informed of relevant regulations in place.

### 3. Do you collaborate with other stakeholders or institutions to protect consumers' interests?

As part of our commitment to safeguarding the interests of consumers, we engage in collaborative efforts with a diverse range of stakeholders, including **public bodies and other entities**. In accordance with legal provisions, ERE is obligated to work closely with the **Ministry of Energy as well as Competition Authorities, National Commission on Customer Protection, and various Non-Governmental Organizations (NGOs)**. For instance, when handling any rate case that comes before us for consideration, we seek consultation from both the Ministry of Energy and Competition Authority regarding licensee tariff applications. Additionally, prior to making any decisions related to tariff setting or modification thereof, we conduct public hearings wherein all interested parties are given an opportunity to express their views.

Moreover, it is worth noting that we also make concerted efforts towards ensuring transparency by way of soliciting public feedback in relation to new or modified secondary legislation. Through such consultations and engagements with relevant stakeholders across different sectors within society at large - be it governmental or non-governmental - we aim not only at upholding consumer protection but also promoting a more inclusive decision-making process where everyone's voice matters equally.

### 4. How do you ensure that energy bills are understood and present clear information to consumers about how energy costs are calculated?

The format and content of the main bill are mandated by the Albanian law on the power sector. **As per the legal provisions, suppliers must clearly communicate to customers through electricity consumption invoices or promotional materials** regarding:

- The **data pertaining to any energy source** provided by them during the previous year;

- The **primary components of pricing and their respective costs**; etc.

The Ministry of Finance oversees compliance with general rules related to bills. Additionally, ERE has imposed obligations on suppliers to **ensure specific data in bills including supplier details, customer name, billing address, supply address, metering point number, type of meter used, date of issue and due payment along with billing period details for submitting complaints.**

Under the laws governing the power sector and natural gas sector in Albania respectively ("On Power Sector" & "On Natural Gas Sector"), ERE holds legal authority for addressing customer complaint as well as mediating disputes between licensees or resolving issues between licensees/customers/system users seeking grid access. However, it should be noted that the regulatory process does not cover complaints relating to penal offenses or those undergoing court proceedings. Furthermore, ERE has approved regulations dealing with handling customer complaints by licensees operating across both sectors (power/natural gas). Rules governing complaint procedures are made public by both supplier entities as well as ERE itself.

The regulator often organizes **surveys** to assess and address in the best way what information the consumer needs most and what is the best way for this information to reach the consumer. Surveys address questions such as:

- How satisfied are you with the service received from the supplier?
- What do you need to be informed about the most?
- What are the means by which you want to be informed?
- How effective is the information that you get from the supplier or regulator?

We consider the organisation of these surveys as a first step to gain an insight into consumer's needs, values and priorities and to identify any barriers that need to be overcome.

## 5. Keeping in mind that one of the regulators' duties is to ensure security of supply to consumers, can you tell what ERE is doing to facilitate the diversification of energy sources and improve regional market integration?

The fundamental framework of the electricity sector along with its principal functions and duties (including those of ERE), are foreseen in primary legislation. We see the role of the national regulatory authority in the implementation of market function, diversification of energy sources and regional cooperation through appropriate regulatory decisions to provide consumers with secure supply of energy at reasonable prices.

Another dimension in the proper market function is related to **transposition of regional regulatory decisions**, covering of licensing rules, network development and other technical standards. For this purpose, an important aspect in the integration of the regional market is **regional cooperation**. In Albania, ERE has been an active part of initiatives for the **conclusion of cooperation agreements** that contribute to the unification and strengthening of relations with neighbouring countries. Recently **in November 2023, Regulators, TSO's and PX of Albania, Greece, North Macedonia, and Kosovo, signed the MoU on Southeast Electricity Day Ahead Market Coupling**. The memorandum was signed under the initiative of the American Agency for International Development (USAID) and supported by the National Association of Regulatory Utility Commissioners (NARUC), the US Energy Association (USEA) and RTI International. One of the objectives of the agreement is to enable coordination and optimal use of energy resources throughout the region. Before this, in December 2021 another **MoU was signed between the Regulators of Kosovo and Albania on the Mutual Recognition of the trading and supply licenses**. Also, the Regulators and TSOs of Kosovo and Albania signed in 2020 the MoU for the Market Coupling of the DA between Albania and Kosovo.

Under the framework of MoU, **both regulators of Kosovo and Albania agreed on the mutual recognition of the licenses**, which has an impact on administrative cost reduction for licensee operating in both markets.



Following the agreement ERE adopted modifications in the rules on licensing procedures and on mutual recognition of license. Also in December 2022, we adopted common rules on the operation of Alpex. Before that also we approved the **harmonized rules on Cao for the borders of Albania - Greece, Albania – Montenegro and Albania - Kosovo.**

All this together helps for greater access to lower cost of electricity for end consumers and regional market integration initiatives.

## **6. What are the main challenges and constraints you are confronted with in protecting vulnerable consumers? And is MEDREG helping and supporting ERE in this objective?**

As previously mentioned, the “Electricity Sector” law addresses the protection of vulnerable consumers. There are currently compensation mechanisms in place for these customers and the Ministry has already initiated the process of adopting criteria and procedures to obtain this status. Once approved, ERE will follow adopting appropriate measures based on these new rules, while also continuing to work on other consumer empowerment tools such as sharing energy consumption data and costs.

In addition to providing information on energy consumption data and associated costs, ERE aims to coordinate with local governments on educational activities.

The primary objective of every regulatory body is achieving a balance between protecting consumer interests, investors' financial concerns, and state objectives.

Safeguarding current and future customers' interests regarding services provided within their respective markets involves not only reasonable tariffs that accurately reflect incurred expenses but also supporting informed decision-making among consumers by ensuring they possess a comprehensive understanding of market function so that they may actively participate as prosumers.

ERE aims to strengthen its commitment towards integrating national energy markets into regional dimensions through close collaboration with relevant stakeholders including network operators, neighbouring regulators while prioritizing necessary transparency towards interested parties.

Finally, we pay particular attention towards our partnership with international organizations; as our participation in MEDREG.

Our participation in MEDREG provides a platform where we can discuss best practices concerning mutual issues amongst Mediterranean countries. We believe this organization constitutes an important bridge to enhance our institutional capacity since it provides knowledge gaps pertaining to energy potentials across countries while promoting common understanding among regulators from respective nations.

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