

Clarification regarding the request for information from interested companies, in respect of KESH's Invitation for Expression of Interest Regarding the Exchange and Storage of Electricity.

QUESTION 1: In relation to section “2. Process” of the Invitation which indicates that participation in EE storage is also possible in the form of temporary union of companies and that such “union” is considered to meet Criteria if one of the companies meets it. Can you please confirm our understanding such union is eligible to conclude Framework Contract (for EE exchange with KESH) in case companies who are members of the union cumulatively meet all the listed criteria (i.e. no individual company is required to meet all listed criteria by itself)? In line with standard industry practices, it is our understanding that this is the case.

KESH answer: In relation to section 2 "Process" of the Invitation, it will be acceptable that member companies meet at least one of the criteria and the union meets cumulatively all the criteria of the list.

QUESTION 2: In relation to submission of scanned copy of required documentation (“Section “2. Process”, It. 2 and 3): Could you please confirm that scanned copy of documentation required to be provided until 18.11.2021, 14:00 hours, does not require any notarization, apostille and/or translation into Albanian, and that it is sufficient if the notarization, apostille and translation for the submitted documentation is provided only until 24.11.2021, 16:30 hours?

Further in this regard, will KESH after the initial deadline (18.11.2021) provide any feedback on submitted expressions of interest and allow applicants to supplement incomplete submission with missing documentation until the final deadline (i.e. 24.11.2021) since the opening of the expression of interest procedure will be performed on 18.11.2021, at 15:00?

KESH answer: In relation to submission of scanned copy of required documentation (Section 2 "Process", It.2 and 3), we kindly inform you that the original or the notarized documentation should be submitted no later than 24.11.2021, 16:00 hrs.

Further in this regard, please be informed that according to the provisions of the Invitation, the deadline for the submission of the Expression of Interest and the required documentation is no later than 18.11.2021, 14:00 hrs.

QUESTION 3: With respect to Section “3 iii.” (“Registered capital” requirement): we are kindly asking for confirmation that the term “registered capital” shall be understood as total (equity) capital/assets of a company (accumulated through its business activity, retained earnings etc.)?

Or conversely, could you please confirm our understanding that “registered capital” shall not be understood as limited to capital paid into the company as shareholders’ contributions (initial capital, additionally paid-in capital) - which in many business/court registers is the only category of capital published (and referred to as “registered capital”)?

It is our understanding that “registered capital” shall not be limited to shareholders’ contributions, since the amount of those clearly does not accurately represent company’s financial stability.

Additionally, is (audited) annual report of a company considered adequate for proving the “registered capital” requirement?

KESH answer: With respect to Section 3 iii, the term “registered capital” shall have the meaning as stipulated on the “Law for traders and companies”, No; 9901/dtd 14.04.2008, amended, of the Republic of Albania.

QUESTION 4: With respect to Section “3 viii.” regarding “technical and legal supporting documentation proving applicant’s capacity to perform its obligations under EE storage contracts” (potentially concluded later), we are kindly asking further clarifications on what is considered sufficient proof of:

☑ electricity of not less than 1.000 GWh (1 TWh) traded? In this regard:

o Can 1 TWh of energy quantities of delivered be proven by disclosing transactions where applicant acts as either buyer or seller?

o Are only “storage/exchange of energy” contracts considered as sufficient proof (we assume not, since this would represent a very exclusionary condition)?

o Please note that disclosing other trading contracts is not reasonably feasible option since it would infringe on confidentiality obligations towards trading counterparty.

o In particular case of GEN-I, some contracts could be disclosed since at some trading venues concluded contracts are publically published, however, will KESH impose any time limit to the eligible period (how far in the past such contract may be conclude in order to still serve as a proof under the Invitation documentation?

o is applicant’s audited annual report (as also provided to relevant regulatory authorities) considered as sufficient proof (in respect of quantities of energy/electricity traded as stated in such annual report)?

☑ with respect to the requirements of:

(a) “company profile expressing interest which describes its capacity to meet KESH requirements as regards exchange«; and

(b) »description of the processes as assessed by the entity necessary to apply, in order to meet the requirements of KESH for storage/exchange of energy”;

- could you please provide additional clarification on what information shall be provided in this regard and what documentation shall be provided in this regard?

KESH answer: With respect to Section 3 viii, please be informed as follows:

-Regarding electricity not less than 1.000 GWh, 1 TWh of energy quantities can be proven through the sale-purchase of electricity.

-Regarding the consideration of "storage/exchange of energy" contracts, the submission of such a contract is not obligatory, but if such a contract exists, it can be submitted.

-Regarding the disclosure of other trading contracts, you can submit long-term sale-purchase contracts without disclosing the sensitive data considered confidential.

-Regarding the time limit to the eligible period, please be informed that the period is no less than two years.

Regarding the applicant's audited annual report, the above mentioned reports do not accurately show the quantities of the traded electricity.

With respect to the requirements of:

“Company profile expressing interest which describes its capacity to meet KESH requirements as regards exchange”, please be informed that regarding the above, the company is required to make a self-description of its electricity trading activity;

“Description of the processes as assessed by the entity necessary to apply, in order to meet the requirements of KESH for storage/exchange of energy”, we kindly inform you that we are asking for a description or illustration on how your company intends to activate such a contract.

QUESTION 5: Section 3, item v. of the Invitation states: “Whether the state where the company is registered does not issue one of the state documents, then the company submits a self-declaration”. Does this apply to all cases under items i. – x. listed in Section 3, where reference is made to “state documents” (e.g. certificate that the entity is not in a process of liquidation/bankruptcy; certificate on no outstanding taxes, social security contributions...)

KESH answer: In relation to Section 3, item v of the Invitation, please be informed that this applies only when the actual document is not issuable by the authorities, otherwise, it should be part of the required documentation and should be submitted as requested within the deadline stipulated on the Invitation.

QUESTION 6: With respect to electricity exchange transactions to be performed under the Individual Contracts on Energy Exchange/Storage (as envisaged under the subsequent KESH tenders) - despite being “in-kind” transactions, the quantities of energy exchanged under such transactions would nevertheless be subject to VAT and in some cases customs clearance registration obligations (where the EE would have been imported/exported by the company in order to fulfill its obligations under the storage/exchange contract). For this purposes, an invoice specifying unit/price and contract value is required to be disclosed to the competent authorities.

From the documentation enclosed to the Invitation, it is not possible to determine whether this will be adequately included in subsequently concluded Individual contracts on Energy Exchange/Storage with KESH (no such provision is incorporated in the draft contracts available in KESH website). In consideration of the above, Individual Contracts on Energy Exchange/Storage shall clearly stipulate the value of exchanged energy for both off-take and return with reference to at-the-time market prices (we suggest HUPX as price reference source).

KESH answer: With respect to electricity exchange transactions to be performed under the Individual Contracts on Energy Exchange/Storage (as envisaged under the subsequent KESH tenders) – The reference price, for delivery and off-take electricity, should be the average price of HUPX for the delivery profile of the first day of electricity delivery by KESH sh.a.

QUESTION 7: With respect to subsequent competitive tender procedures for concluding storage/exchange transaction (based on Framework Agreement):

☒ is it compulsory for eligible participants (who have concluded with KESH the Framework Agreement) to submit offer on each such subsequent tender or are participants free to abstain from submitting offers?

☒ if compulsory to submit offers: are participants free in determining the offered coefficient of exchange

or is it mandatory to set the coefficient to at least 1 : 1?

KESH answer: With respect to subsequent competitive tender procedures for concluding storage/exchange transaction (based on Framework Agreement):

- Yes, the companies can abstain by not submitting offers

-it is mandatory to set the coefficient to at least 1:1 as stipulated on the Decision of the Council of Ministers 620/2021.

QUESTION 8: The “Individual Contract on Energy Exchange/Storage”, enclosed to the Invitation in its Art. 4 stipulates that the amount of the required performance bank guarantee to be provided by the tender awarded participant shall amount to the “value of the exchanged energy at the time of the exchange”.

We kindly ask your clarification on what shall be considered as the “time of exchange” (concluding individual contract, start of deliveries/take-off pursuant to individual contract, other?).

KESH answer: Regarding the “Individual Contract on Energy Exchange/Storage”, we clarify that at the moment KESH shall be able to invite the qualified companies for energy storage according to the hourly profiles defined by the latter, the interested company must submit an offer for the energy return time and the return coefficient not less than 1. According to the provisions of the Individual Contract, the amount of the required guarantee shall be the = (amount of the received quantity by the company x average price of HUPX for the delivery profile of the first day of electricity delivery by KESH sh.a).

QUESTION 9: Draft Individual Contract on Energy Exchange/Storage, Art. 5, stipulates payment of penalty for failure to perform obligations undertaken under such Individual Contract. However, from the penalty formula stipulated in Art. 5.3. it is not evident how the penalty shall be calculated in case of failure to accept and in case of failure to deliver electricity (in particular,

the “quantity of delivered energy”, should like read as “quantity of energy subject to failure to deliver/failure to accept).

In consideration of the above, we kindly ask your additional clarification on how the penalty calculation formula shall be understood in the case of (i) failure to accept; and (ii) failure to delivery electricity.

KESH answer: Regarding the penalty for failure to perform obligations, please be informed that the penalty calculation formula will be the same both in the case of (i) failure to accept; and (ii) failure to deliver electricity.

QUESTION 10: we are kindly asking for information on whether the wording of Individual Contract on Energy Exchange/Storage may be subject to subsequent changes.

KESH answer: the Individual Contract on Energy Exchange/Storage is not subject to subsequent changes. The Individual Contract is standart.

QUESTION 11: In the letter is stated “ all documentation must be original or notarized, equipped with apostille and translated into Albanian as well” does this include the Albanian entities too?

KESH answer: In the Albanian language the document must be original or notarized.

QUESTION 12: Being an Albanian entity we dispose of documentation issued by the Albanian authorities , do we need apostile of such documents (for i.e excerpt , license, court certificates etc..?)

KESH answer: All document must be original or notarized.

QUESTION 13 :Documentation from the commercial registers of the country where the entity has its headquarters, certifying that the value of the registered capital is not less than Euros 30,000,000 (thirty million), Same attached document “ekstrakt” proves the capital of the company , is it acceptable or is there any other document you require?

KESH answer: Yes, it is acceptable