

Albanian electricity producer KESH-exclusive contracts with traders

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Based on these contracts, KESH engaged in peak/off-peak arbitrage. The contracts allowed the traders to off-take electricity from KESH during peak times (where the value of electricity is high) and return it to KESH during the off-peak times (where the value of electricity is low). This quantity-neutral exchange of qualitatively different products, in the absence of financial settlement to account for the difference in value, could have resulted in a significant value transfer from KESH to the traders.

Albanian electricity market participants have approached the Energy Community (EnC) Secretariat regarding the existence of exclusive contracts concluded between the incumbent Albanian electricity producer KESH and two traders.

The Secretariat has actively cooperated with the Albanian Competition Authority (ACA) and the Albanian Energy Regulatory Entity (ERE) in the investigation. Once the contracts were terminated by KESH, the case at the Secretariat was closed.

The Secretariat's Legal Counsel Dirk Buschle said that the Secretariat is grateful to the management of KESH, as well ACA and ERE for a very productive cooperation in this case. He said that, with joining forces of all parties involved, they managed to remove a possible distortion of the Albanian and regional wholesale markets, for the benefit of customers, adding that the Ministry of Infrastructure and Energy's coordinating role was crucial in this effort.