

ALBANIA · ENERGY REGULATORY UPDATE

Albania adopts a new Law on the **Power Sector**:

key developments, implementation steps and expected market impact

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Introduction

On 18 June 2026, the Albanian Parliament adopted Law No. 59/2026 “On the Power Sector” (the “New Power Sector Law”), which introduces a substantially revised legal and regulatory framework for the power sector in Albania. The law was published in Official Gazette No. 137 of 30 June 2026 and entered into force 15 days after publication, on 15 July 2026, repealing Law No. 43/2015 “On the Power Sector”, as amended.

The reform represents an important step in Albania’s continued approximation of its legislation to the European Union *acquis* and the Energy Community framework, particularly in light of the Clean Energy Package, the core electricity acts of which were incorporated into the Energy Community *acquis* through the Electricity Integration Package adopted in December 2022. The New Power Sector Law is partially aligned with Directive (EU) 2019/944 on common rules for the internal market for electricity, Regulation (EU) 2019/943 on the internal market for electricity, Regulation (EU) 2019/941 on risk-preparedness in the electricity sector, and Regulation (EU) 2019/942 establishing a European Union Agency for the Cooperation of Energy Regulators.

At the policy level, the New Power Sector Law aims to establish a more functional, competitive and integrated electricity market, while strengthening security of supply, consumer protection, energy efficiency, environmental considerations and Albania’s transition towards a low-carbon energy system. In substance, the law seeks to move the Albanian electricity framework away from a centralized, supply-led model towards a more decentralized, flexible and consumer-oriented market structure.

Following the publication of the law, the Energy Regulatory Entity (“ERE”) has announced that it will begin the process of drafting and reviewing the regulatory acts necessary for the implementation of the new legal framework.

02 • OVERVIEW OF THE MAIN LEGAL PROVISIONS

Expanded regulatory scope

One of the main changes introduced by the New Power Sector Law is the expansion of the activities and market functions subject to regulation. In addition to generation, transmission, distribution and supply, the law expressly covers aggregation, demand response, electricity storage, market operation and the operation of recharging points for electric vehicles.

This broader scope reflects the changing structure of electricity markets and creates a legal basis for new business models and market participants that were either not regulated, or not fully developed, under the previous framework.

From a market design perspective, the New Power Sector Law further develops the existing structure of the Albanian electricity market,¹ including bilateral trading, balancing markets, organized markets, markets for cross-zonal transmission capacity and ancillary services markets.

Taken together, these provisions strengthen the legal basis for the functioning, liquidity and integration of the Albanian power market with regional and European electricity markets.

¹ ALPEX was established as a joint venture between the transmission system operators of Albania (OST) and Kosovo (KOSTT) and has been designated as the nominated electricity market operator for the operation of the day-ahead and intraday markets in Albania and Kosovo. The day-ahead market became operational for the Albanian bidding zone in April 2023 and for the Kosovo bidding zone in January 2024, while intraday trading on ALPEX started on 12 December 2024.

02 • OVERVIEW OF THE MAIN LEGAL PROVISIONS

Electricity **storage**

A particularly significant development is the recognition and regulation of electricity storage as a distinct market activity. Storage facilities are integrated into the broader electricity market framework and may participate, together with generation and demand response, in balancing and ancillary services markets.

This provides a clear legal basis for investment in battery energy storage systems (BESS) and other flexibility assets that can support the integration of variable renewable generation and the secure operation of the electricity system. The practical application of these provisions will, however, depend on the adoption or revision of rules governing licensing, grid connection, balancing responsibility and market participation.

INITIAL IMPLEMENTATION MEASURE

As an initial implementation measure, ERE has issued a notice requiring operators that had storage facilities under development or in operation when the New Power Sector Law entered into force but did not hold a separate licence for the operation of a storage facility, to notify and register with ERE within 60 days of the law's entry into force (i.e., no later than 13 September 2026). ERE may request additional information or documentation for the registration and administration of the Storage Facilities Register.

02 • OVERVIEW OF THE MAIN LEGAL PROVISIONS

Additional **novelties**

The law also strengthens the framework for aggregation and demand response, and introduces rules on active customers, citizen energy communities and electricity sharing. The detailed operation of these mechanisms will require further implementation through secondary legislation, market rules and regulatory acts to be adopted or updated by ERE.

03 — IMPLEMENTATION AND STAKEHOLDER CONSULTATION

The legal reform will now enter a critical implementation phase. Much of the practical effect of the New Power Sector Law will depend on the adoption, amendment or review of secondary legislation.

In this context, ERE's announcement of the consultation process for the new implementing regulations will be particularly important. Sector operators, investors, suppliers, storage developers, consumer associations and other interested parties should monitor the publication of draft acts and consider participating in consultations at an early stage. The implementing framework will determine how the new rights, obligations and market mechanisms introduced by the law will operate in practice.

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Key takeaways

For investors and market participants, the New Power Sector Law creates new opportunities across the power sector, including renewable generation, electricity storage, energy communities and smart retail services. At the same time, it introduces new compliance obligations and will require careful monitoring of the implementing acts to be adopted by the Council of Ministers, the ministry responsible for energy and ERE.

The pace at which that secondary legislation is adopted will therefore determine how quickly the reform takes effect in practice.

ERE's public consultation process should provide an important opportunity for market participants and other stakeholders to contribute to the development of a modern, transparent and sustainable regulatory framework.

TALK TO US

Energy & Natural Resources

For advice on how the New Power Sector Law affects a specific project or portfolio, please get in touch.

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