



**Republika e Kosovës**  
**Republika Kosova - Republic of Kosovo**

**ZYRA E RREGULLATORIT PËR ENERGIJË**  
**REGULATORNI URED ZA ENERGIJU**  
**ENERGY REGULATORY OFFICE**



## Foreword by the Chairman

ERO has selected an approach based on duties according to its regulatory calendar. The work plan, approved by ERO Board, contains the general policy and special duties on regulatory activities.

During this period, ERO carried out public consultations and issued decisions regarding the general review of revenues for all licensees as well as tariffs related to renewable sources.

In general, in 6 sessions held during the period January- June 2016, ERO Board issued 78 important decisions related to energy sector.

It is worth mentioning the decision on tariffs, upon which ERO Board decided to maintain the same tariffs for household (domestic) customers and the same tariff structure for 2016, whereas it decided for a reduction of 7.17% to 8% of commercial and industrial customers tariffs. Important decisions were issued regarding the granting of preliminary and final authorizations for construction of new generation capacities from renewable sources, as well as for the prices of renewable sources for electricity generated from Hydro Generation and extension of Power Purchase Agreements for generation from photovoltaic sources.

I want to thank my colleagues for their successful efforts, commented positively by other stakeholders, and I hope that we will succeed towards major challenges that ERO has to cope with during the second half of 2016.



Enver Halimi , Chairman of the Board





## ERO Board

ERO Board is comprised of the chairman and four members, which are appointed by the Assembly of the Republic of Kosovo.

ERO Board is a decision-making body on all issues under the jurisdiction and competences of ERO.

During the first half of 2016, ERO Board functioned in full composition of 5 members:

Mr. Enver Halimi, Chairman

Mr. Krenar Bujupi, Member

Mr. Arsim Janova, Member

Mr. Qemajl Mustafa, Member and

Mr. Besim Sejfiqaj, Member.

Board sessions are open to the public. The agenda and announcements on their content are published on ERO's website, five days ahead the session.

During the period January- June 2016, ERO Board held 6 formal sessions during which 78 decisions were made.

The decisions issued play an important role in the economic development of the country, facilitating the required institutional and organizational structure that shall be placed , in order to



attract private investments which are required to utilize natural resources.

Pursuant to the authority given in accordance with the legislation in force, the Board holds formal sessions, consultative meetings as well as public hearings for decision-making purposes.

The documents published and discussed in Public Hearings as well as Board decisions are as follows:

### Public Consultations

- **Generation Maximum Allowed Revenues Consultation Paper**
- **WHPC Consultation Paper**
- **KOSTT Maximum Allowed Revenues Consultation Paper**
- **KEDS Maximum Allowed Revenues Consultation Paper**
- **Public Electricity Supplier Maximum Allowed Revenues Consultation Paper**
- **Review of Feed-in tariffs for renewable energy (wind and small hydro power plants)**
- **Thermal Energy Pricing Rule**

### Decisions issued by ERO Board

*Decisions on Licensing the activity of electricity import, export and transit in Kosovo*

[V\\_774\\_2016](#) – to "AXPO KOSOVO" LLC.

[V\\_823\\_2016](#) – to "ENERGO SUPPLIER" LLC.

[V\\_821\\_2016](#) – to "FUTURE ENERGY TRADING" LLC.

[V\\_809\\_2016](#) – to "GSA ENERGJI" LLC.

[V\\_808\\_2016](#) – to "PAN INTERTRADE" LLC.

[V\\_807\\_2016](#) – to "EDS International KS" LLC.

[V\\_775\\_2016](#) – to "ENERGY FINANCING TEAM" LLC.

[V\\_822\\_2016](#) – to "PETROL TRADE SLOVENIJA" LLC.

*Decision on exemption from the payment of annual licensing tax*

[V\\_787\\_2016](#) – on amending and supplementing the decision V\_732\_2015.

*Decision on Feed-in tariffs for electricity generation from Renewable Energy Sources*

V\_810\_2016 – on determination of Feed-in Tariffs



### **Decisions on Notification for Preliminary Authorization :**

V\_766\_2016 – to “ 2 Korriku” LLC. (HPP “Soponica”).  
 V\_767\_2016 – to “Eurokos JH” LLC. (HPP “Brodi 1” and HPP “Brodi 3”).  
 V\_768\_2016 – to “Eurokos JH” LLC. (HPP “Restelica 3”).  
 V\_769\_2016 – to “AFA Energy” LLC. (HPP “Kotlina 1”).  
 V\_770\_2016 – to “AFA Energy” LLC. (HPP “Kotlina 2”).  
 V\_771\_2016 – to “CETA General Invest Group” LLC. (HPP “Lubinja”).  
 V\_772\_2016 – to “Triangle General Contractors” Inc., Kosovo Branch (HPP “Jasiq”).  
 V\_773\_2016 – to “Triangle General Contractors” Inc., Kosovo Branch (HPP “Mal”).  
 V\_788\_2016 – to N.T.N. “Renelual Tahiri” LLC. (HPP Dragash).  
 V\_789\_2016 – to N.T.N. “Renelual Tahiri” LLC. (HPP Orqusha).  
 V\_806\_2016 – to DILLI COM (HPP Bresana).  
 V\_811\_2016 – to “Fidani Water Energy” LLC., (HPP “Radoniqi”).  
 V\_825\_2016 – to “VITA ENERGY” LLC., solar panels/photovoltaic  
 V\_826\_2016 – to “VBS” LLC., solar panels/photovoltaic

### **Decision on extension of validity time-limit of Decision on Notification for Preliminary Authorization :**

V\_761\_2016 – to “Era Energji” LLC., (“Wind Park Krajkova”).

### **Decisions on granting Final Authorization:**

V\_754\_2016 – to “ Hydroenergji” LLC. (HPP “Lepenci 1”).  
 V\_755\_2016 – to “Hydroenergji” LLC. (HPP “Lepenci 3”).  
 V\_756\_2016 – to “ONIX SPA” LLC, (“Solar Park Banja e Pejës”).  
 V\_757\_2016 – to “Hydro Line” LLC., (HPP “Albaniku 2”, CA Selac).  
 V\_758\_2016 – to “Matkos Group” LLC. (HPP “Brezovica”).  
 V\_759\_2016 – to “Matkos Group” LLC. (HPP “Sharri”).  
 V\_760\_2016 – to “Matkos Group” LLC. (HPP “Shtërpce”).  
 V\_824\_2016 – to “AIR ENERGY” LLC., (“Wind Park Kitka”).

### **Decisions on extension of validity time-limit of Final Authorization:**

V\_762\_2016 – to “Eurokos JH” LLC. (HPP “Restelica 1&2”).  
 V\_763\_2016 – to “KelKos Energy” LLC., (HPP “Lumbardhi II”).  
 V\_764\_2016 – to “Hydro Line” LLC., (HPP “Albaniku 3”).

### **Decisions on Maximum Allowed Revenues, Prices and Tariffs**

[V 797 1 2016](#) – on Maximum Allowed Revenues (MAR)- KEK  
[V 798 2016](#) – on Maximum Allowed Revenues (MAR)- KOSTT  
[V 799 2016](#) – on Maximum Allowed Revenues (MAR)- KEDS  
[V 800 2016](#) – on Maximum Allowed Revenues (MAR)- KESCO  
[V 801 2016](#) – on KEK Generation Prices  
[V 802 2016](#) – on KOSTT Tariffs  
[V 803 2016](#) – on KEDS Tariffs  
[V 804 2016](#) – on regulated costumers tariffs- KESCO.

## ERO and ERE Intensify their Bilateral Cooperation

Representatives of Energy Regulatory Office (ERO) of Kosovo and those of Regulatory Authority of Albania (ERE) held a work meeting on 06 May 2016 in Tirana, to further develop and strengthen their bilateral relations and to determine the main areas to focus their future cooperation.

Chairman of ERO Mr. Enver Halimi and Chairman of ERE Mr. Petrit Ahmeti evaluated as necessary the intensification of cooperation between the two regulators. This cooperation was considered as really important, especially now when the two countries are determined to realize the functioning of a joint electricity market. Approximation of legislation, especially the secondary one, the creation of a joint market as well as accession to international institutions were evaluated as a common priority of this cooperation.

The participants concluded that the exchange of experiences and expertise between the two regulators will facilitate the achievement of these objectives.

The experts of the two regulators presented to their counterparts the challenges that they are currently facing and exchanged their professional opinions regarding the finding of most suitable practices for economic regulation of energy sector.

Transposition of EU legislation, maintaining the independence, market opening and monitoring were identified as the main challenges that the two regulators are currently facing. Therefore, it was evaluated that the cooperation and exchange of experiences will help the regulators to achieve their common goals.



## Transparency and Public Participation in Regulatory Processes of the Sector

The partnership between National Association of Regulatory Utility Commissioners (NARUC) and Energy Regulatory Office (ERO), with the financial support of USAID, has started since 2008. During this period, ERO has been in a partnership with Illinois State Commission and Pennsylvania State Commission. The activities of these two partnerships included the exchange of technical experiences between ERO and NARUC experts on different regulatory issues.

Considering the fact that public relations and transparency remain one of the main focuses and challenges of ERO, NARUC decided to develop a monitoring activity of affairs on Communication and Public Relations, where KPSC (Kentucky Public Service Commission) was chosen to act as a host commission of ERO staff. Representatives of ERO were familiarized with the practices and tools utilized by KPSC staff during their processes on public relations, including the work and interactions of KPSC with customers, media and other parties involved in the sector. As a result of this exchange of practices, ERO drafted rules to increase transparency and intensify public participation in regulatory processes of energy sector.



## Towards an Open Electricity Market – Cooperation between Kosovo and Albania

Kosovo institutions involved in the energy sector are determined to establish an open electricity market. Functionality of the open market, cooperation with regional countries to establish Market Coupling and Power Exchange are some of the continuous requirements of the Energy Community and Western Balkans Summit WB6.

Under local and regional developments on market liberalization, Kosovo is making continuous efforts to achieve progress in this area. In order to support market opening, cooperation with other regional countries is required especially regarding Market Coupling. This is why several meetings between respective local institutions of energy sector are taking place as well as other meetings with regional representatives, in order to find the modalities of this cooperation as well the best and easiest solution towards market opening. With respect to this aspect, one of the actions that were undertaken during this period is the common workshop Kosovo- Albania on the topic "Establishment of Power Exchange Market in Albania which was held on 19 May 2016 in Prishtina.

During this workshop, experts and consultants of the respective field presented the existing situation of power systems of both countries, by emphasizing their compatibility.

Apropos, it was stated that both power systems are quite small to feasibly function alone in the competitive market. The proper connection of the grid (in particular the introduction of 400kV line Kosovo- Albania) and the compatibility of power systems of both countries are high advantages to succeed in unification of Kosovo-Albania market. Except Market Coupling and the Day-ahead Market, the experts pointed out that the cooperation shall be extended in other areas such as exchanges and provision of ancillary services. This cooperation would also support system balancing by decreasing the need of reserve capacities for ancillary services. In particular, this is a contribution for power system of Kosovo, considering huge generating units, where the fall of a unit results in a severe lack of electricity in the system which is hard to compensate. This cooperation is also advantageous for Albania in order to provide basic energy, especially during dry periods. It also has great advantages in the decrease of electricity import with high prices as well as maximal optimization of costs for both systems.

ERO is supremely engaged in this aspect, by working on the preparation of suitable procedures which pave the way for new operators in the market.





### Determination of Feed-in Tariffs

In accordance with primary laws on energy and secondary legislation, ERO stipulates Feed-in tariffs for electricity generated from renewable sources. Feed-in tariffs are amongst the main incentives of investments in generation of electricity from renewable energy sources and are applied in many countries. Feed-in tariffs determined by ERO guarantee to the potential investors that the amount of electricity generated from renewable sources and admitted to the Support Scheme shall be purchased by the Public Supplier upon a price which enables the recovery of investment and operation costs.

During May 2016, the review of Feed-in tariffs for hydro power plants and wind generators was carried out. Due to this matter, the Consultation Paper *Methodology on Calculation of Feed-In Tariffs for Energy from Wind and Small Hydro Power Plants Technology* was published in May 2016. ERO has also published “Responses to stakeholders comments”.

Tariffs are classified according to different renewable sources by also guaranteeing the Power Purchase Agreement (PPA) with the Public Supplier for a period of twelve (12) years for solar/photovoltaic technology and ten (10) years for other technologies.

#### Feed-in tariffs applicable to RES

Primary source of renewable energy	(€/MWh)
Photovoltaic energy	136.40
Wind	85.00
Small hydro power plants	67.47
Biomass	71.30



## **ERO Participation in Meetings, Workshops and Trainings**

The Board and staff of ERO participated in meetings within the country and abroad, for regulatory purposes of energy sector. It is worth mentioning that during this period several meetings were held with potential investors regarding the investments in renewable energy, parties interested on licensing and different customers who required further explanations and addressed to ERO several complaints related to energy sector.

Kosovo is a signatory of Energy Community Treaty (ECT), within which several high level meetings of different working groups on energy issues are organized.

Kosovo is a participant of these groups as well, whereas ERO Board and staff members are participants of the following groups:

Energy Community Regulatory Board;

- Electricity Working Group;
- Customers and Retail Markets Working Group;
- Gas Working Group;
- Security of Electricity Supply Working Group;
- Meeting on Gas and Electricity.

Within these groups, following are presented some of the meetings organized during this period, which were held in Vienna, Austria, where ERO participated.

9, 10 February 2016 -ECRB Gas Working Group and 26 February 2016- 1<sup>st</sup> PECE Evaluation Group for Electricity and Gas”;

11 February 2016 –33<sup>rd</sup> Meeting of Customers and Retail Markets Working Group, within Energy Community Regulatory Board (ECRB);

24 February 2016 – 37<sup>th</sup> Meeting of Electricity Working Group( EWG) of ECRB;

24 February 2016 – Participation in Connection Network Codes National Implementation Workshop;

13-14 March 2016 – Participation in the Workshop “Gas Transmission Capacities in Energy Community”;

08 April 2016 - Participation in the Working Group for Evaluation of Projects of Energy Community Interests (PECE);

22 June 2016 – 34<sup>th</sup> meeting of Customers and Retail Markets Working Group, within Energy Community Regulatory Board (ECRB CRMW);

Representatives of ERO also participated in the High Level Forum “Security of Electricity Supply in Kosovo”.





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