



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

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



## **ELECTRICITY SUPPLY LICENSE**

**GRANTED TO :**

**“HEP-KS” LLC.**

**Registration Number: ZRRE/Li\_34/15**

**Pristina, 14 October 2016**



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## CHAPTER I: TERMS OF THE LICENSE

1. **Energy Regulatory Office (hereinafter “the Regulator”)**, in conformity with authority vested under Law on Energy Regulator (Law no. 05/L-084), Article 18 of Law on Energy (Law no. 05/L-081) and Article 33 of Law on Electricity (Law no. 05/L-085), as well as Rule on Licensing of Energy Activities in Kosovo, hereby **issues this Electricity Supply License** to “HEP-KS” LLC. (hereinafter “the licensee”)
2. Territory covered by this license is the entire territory of the Republic of Kosovo.
3. The licensee may:
  - 3.1. sell electricity to final customers, in compliance with this license;
  - 3.2. purchase electricity on retail or wholesale electricity markets at unregulated tariffs in compliance with Article 33/5 of Law on Electricity;
  - 3.3. resell to other licensees and enterprises the surplus of electricity and capacities, at negotiable prices;
  - 3.4. import and export electricity capacities in compliance with applicable rules;
  - 3.5. bill and collect revenues from its customers in compliance with applicable legislation;
4. The license is valid from **14.10.2016** and shall continue to be valid for a period of five (5) years, until **13.10.2021**, with a possibility of renewal in accordance with Article 32/2.2 of Law on Energy Regulator.

Stamped with the common stamp of Energy Regulatory Office

Signed by Acting Chairman of Energy Regulatory Office, Mr. Krenar Bujupi (on behalf of the Board of Energy Regulatory Office): \_\_\_\_\_

Signed on: \_\_\_\_\_



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## **CHAPTER II: LICENSE CONDITIONS**

### **Article 1: Definitions**

**1. Terms used in this license shall have the following meaning:**

**“Financial Year”** the period from 1 January to 31 December of the same calendar year;

**“Market Rules”** rules adopted by the Regulator, determining the functioning of electricity market and the relationship between Market Operator and market participants, as well as interactions between these parties and the Transmission System Operator;

**“Balancing Responsibility”** has the meaning as in Market Rules adopted by the Regulator;

**“Final Customer”** has the meaning as in Law on Electricity;

**“Legislation”** Law on Energy (Law no. 05/L-081), Law on Energy Regulator (Law no. 05/L-084), Law on Electricity ( Law no. 05/L-085), Law on Competition (Law no. 2004/36) as well as other primary or secondary legislation that regulates energy sector;

**“Universal Service Customers”** means any customer entitled the universal supply service as stipulated under Article 3 paragraph 1/72 of Law on Electricity.

**2. Other terms used in this license shall have the same meaning as the terms used in applicable legislation.**

### **Article 2: Separate Accounts for Licensee Activities**

**1. The licensee shall prepare annual financial statements in accordance with Regulatory Accounting Guidelines issued by the Regulator, and shall submit to the Regulator a copy of audited financial statements, within three (3) months after the end of financial year. Internal accounts for activities of the licensee shall be separate from internal accounts for other activities, as if these activities are carried out by another enterprise.**

**2. The licensee shall submit to the Regulator annual financial statements audited by the independent auditor in accordance with International Financial Reporting Standards, within the time limit prescribed by applicable laws for Financial Reporting.**



3. In its internal accounting, the licensee shall maintain separate accounts of electricity supply for customers entitled with the Universal Service.
4. If required by the Regulator, time after time, the licensee shall submit all accounts in the form and date specified by the Regulator. Regulatory accounting shall be held in accordance with guidelines from the Regulator with respect to Financial Statements Reporting, and may, among others, specify:
  - 4.1. the form of regulatory accounting statements/records, including, but not limited to the profit and loss accounts, balance sheets, recognized profit and loss statements, cash flow and statements of the amounts of annual revenues, costs, assets, debts, reserves or supplies, which are charged from any other activity established from allocation or apportionment between consolidated activities of the licensee and any other activity;
  - 4.2. nature and content of regulatory accounting statements/records, including information on specified types of annual revenues, expenditure, assets and debts attributable to specified activities;
  4. 3. regulatory accounting principles and policies (including the basis for allocation of costs).
5. In connection with regulatory accounting statements regarding the financial year, the license shall not, with regard to account state related to financial years, change the payment basis, apportionment or allocation from those applied in previous financial years, unless the Regulator had previously issued appropriate guidance or written approval thereto.
6. The licensee shall act in compliance with every instruction issued by the Regulator and applicable legislation.

### **Article 3: Supply Price and Prohibition of Cross-Subsidies**

1. Electricity Prices charged to Final Customers by the Licensee shall be set freely.
2. In the course of exercising the activity of electricity supply, the licensee shall ensure that supply prices are not increased or decreased due to granting or receipt of any cross-subsidy (direct or indirect) or by any other activity of the licensee or from any subsidiary entity, corporation or any legal or natural person.
3. The licensee shall also ensure that the charged prices do not include any cross-subsidisation (direct or indirect) between Universal Service Customers and Final Customers and neither between individual customers or customer categories, except at the level adopted by the Regulator.



#### **Article 4: Prohibition of Discrimination**

In setting the prices charged to customers for supplied electricity, the licensee shall not have preferences towards any customer or customer category, shall not exercise discrimination towards any customer or customer category and shall not set unfair supply conditions which are difficult to be fulfilled.

#### **Article 5: Prohibition of Abuse of a Dominant Position**

1. The licensee shall be prohibited the abuse of a dominant position, as stipulated under Article 23 of Law on Electricity and other applicable legislation on this issue.
2. In case there is a doubt towards the licensee regarding the abuse, in accordance with paragraph 1 of this Article, the Regulator shall notify Kosovo Competition Commission and may impose administrative measures and fines to the licensee, stipulated under Article 57 of Law on Energy Regulator.

#### **Article 6: Supplier Switching**

1. The licensee shall undertake all measures for training its personnel regarding the appliance of Rules and procedures on supplier switching and respecting customers rights for supplier switching.
2. The licensee shall fully cooperate with other licensed enterprises during the supplier switching process, and the licensee is prohibited to delay or hamper this process, without a justification.
3. When the final customer who is not entitled the Universal Service and has already changed the supplier and terminated the Electricity Supply Contract with the licensee, requires entering a supply contract with the licensee again, the licensee shall not refuse it without a reason.
4. When the final customer who is entitled the Universal Service has been disconnected and terminated the Supply Contract with the licensee, and requires entering a contract with the licensee again, the licensee shall not refuse such a request but shall act as soon as possible same as with other requirements of Universal Service Customers.

#### **Article 7: Compliance with Grid Code, Distribution Code, Metering Code and Rule on General Conditions of Energy Supply**

1. The Licensee shall comply with provisions of Distribution Code, Grid Code, Metering Code and Rule on General Conditions of Energy Supply.
2. The licensee shall have Balancing Responsibility and shall undertake all reasonable actions to predict its needs in an accurate manner and shall fully and accurately ensure all information required by other electricity enterprises in accordance with procedures approved by the Regulator.



### **Article 8: Obligations of the Licensee**

1. The Regulator, with the purpose of protecting customers as well as the energy market, is entitled to charge to the license the obligation of providing the Financial Guarantee, in temporary or permanent basis.
2. The licensee shall carry out the licensed activity in Kosovo in an effective, economical and coordinated manner, in accordance with applicable legislation.
3. The licensee shall undertake all reasonable actions in order to implement its obligations in accordance with applicable legislation, provisions of this license and agreements bonded with parties including any power purchase agreement.

### **Article 9: Customer Protection**

1. The license shall ensure an equal and non-discriminatory treatment to all customers with respect to their rights and obligations relating to electricity services.
2. The licensee is responsible for protecting its customers, by addressing the complaints regarding any action, neglect or violation carried out by the supplier or system operator and should provide proper resolution for these complaints, in compliance with terms and conditions stipulated in Rule on Resolution of Complaints and Disputes in Energy Sector.
3. The licensee shall provide at least one official during business hours, to answer customer questions and complaints.
4. Officials of the licensee, responsible for receiving phone calls and receiving customers in the office, must be qualified and properly instructed to deal fairly and promptly with issues regarding complaints/disputes and requests for services or refer them to the relevant department.
5. The licensee is obliged to respond to all customer complaints, efficiently and fairly, in accordance with Rule on Resolution of Complaints and Disputes in Energy Sector.
6. The licensee shall inform its customers for the postal address, phone number, fax number and email address of the information service it established with the purpose of receiving their complaints or reporting incidents.
7. The licensee is obliged to inform its customers at least fifteen (15) days prior to any change in their supply contracts and any change in price and also inform them on their right to withdraw the contract if they do not accept new supply conditions.
8. The licensee shall ensure an easy access to different packages of its services for final customers.



9. The licensee is obliged to provide on its webpage the calculator for calculation of electricity cost.
10. The licensee shall submit to final customers the notice for the expiry of their supply contract at least sixty (60) calendar days prior to expiry term.
11. The licensee is obliged to inform customers for supplier switching process.

#### **Article 10: General and Minimal Standards of Compliance**

1. The licensee shall act in compliance with all standards of electricity supply and service quality, approved by the Regulator.
2. Whenever required by the Regulator or when the licensee deems reasonable, the licensee shall review the existing general and minimum compliance standards, within the deadline specified by the Regulator.
3. The licensee shall implement the approved standards and shall propose for approval to the Regulator the procedure on monitoring the fulfilment of standards of supply and service quality. The licensee shall act in conformity with the approved procedures.
4. The licensee shall submit to the Regulator no later than 31 March of each calendar year a report on its activity regarding the standards to be met. This report will include information and analysis regarding the implementation of standards under this Article.
5. The licensee shall, on 31 March of each calendar year, publish statistics as required by the Regulator, regarding compliance with performance standards established in this Article, or failure thereof.

#### **Article 11: Market Rules**

The licensee shall act in conformity with applicable Market Rules.

#### **Article 12: Health and Safety**

1. The Licensee shall take any action necessary to protect people or property from injuries that may be caused by the Licensee and during the performance of his activities shall act in accordance with applicable legislation in Kosovo.
2. The licensee shall, in accordance with applicable legislation, perform technical and safety checks (audits) on an annual basis, and shall submit such results to the Regulator, whenever required by the Regulator.





### **Article 13: Labour**

The license shall, with respect to labour and safety at work, comply with applicable legislation in Kosovo.

### **Article 14: Changes in Control of Licensee**

1. The Licensee shall notify the Regulator of any changes expected in control at least sixty (60) calendar days in advance. Change in control shall not take effect until it is approved by the Regulator.
2. The Licensee shall notify the Regulator of any change in his organizational structure. Such notice shall be given to the Regulator no later than three (3) days from the date of any such change.

### **Article 15: Public Service Obligations**

The licensee shall perform any public service obligation that may be determined by the Regulator, in accordance with Article 51 of Law on Energy Regulator. Such imposed Decisions shall become an integral part of this license.

### **Article 16: Purchase of Electricity Generated from Renewable Energy Sources**

The licensee shall carry out any obligation regarding the purchase of electricity generated by renewable energy sources (RES) that may be charged to him as a result of compilation or approval by the Regulator.

### **Article 17: Supplier of Last Resort**

The licensee shall carry out any public service obligation that may be imposed by the Regulator, including the obligation as a supplier of last resort, in accordance with Article 51 of Law on Energy Regulator and Article 40 of Law on Electricity.

### **Article 18: Provision of Information to the Regulator**

1. The Licensee shall submit to the Regulator information and reports in the manner and on time-frames that the Regulator may deem appropriate.
2. If the Licensee, in accordance with Rule on Confidential Information requires that any information should be treated as confidential, it is his duty to mark such information as confidential and justify its application to the Regulator. The Regulator shall review such a request pursuant to Rule on Confidential Information.
3. Energy Regulatory Office is entitled to ask from the Licensee any confidential



information, necessary for performance of its functions and duties in accordance with Article 12 of the Law on Energy Regulator.

4. The Licensee shall appoint a person to maintain the communication link with Transmission System Operator and Market Operator as well as Distribution System Operator. The address, phone number, fax number or email address of such person shall be submitted to Transmission System Operator and Market Operator as well as Distribution System Operator.
5. Whenever required by the Regulator, the licensee shall submit a copy of each signed contract regarding electricity purchase or supply.
6. The Licensee shall hand over to the Regulator details of any changes in information submitted in the course of application for this license.

In this Article:

**"Information"** – means any material in any form and shall include, without limitation, any contract, book, document, record, accounting, calculation (statutory or other), assessment, return or report of any description or any explanation (verbal or written) with respect to information that may be requested from the Regulator.

#### **Article 19: Renewal, Modification, Suspension, Transfer and Termination of the License**

1. The Regulator may renew, modify, suspend, and terminate this license in accordance with Law on Energy Regulator and Rule on Licensing of Energy Activities in Kosovo.
2. The Regulator may transfer this license in accordance with Law on Energy Regulator and Rule on Licensing of Energy Activities in Kosovo, subject to requirement that the License obligations may be performed by another Licensee if the customers will not be be detriment due to such transfer.

#### **Article 20: Taxes**

The Licensee shall pay to the Regulator any initial and annual tax, set out under Rule on Taxes, issued by the Regulator.

#### **Article 21: Administrative Measures and Fines**

1. In case of violation of provisions of applicable legislation, including the rules issued by the Regulator, Articles of this License or instructions given by the Regulator to the Licensee, the Regulator has the power to impose administrative measures and fines to the Licensee, in accordance with Article 52 of Law on Energy Regulator and Rule on Administrative Measures and Fines.



2. Administrative measures and fines may be imposed to the enterprise as a legal entity, as well as to responsible people within the enterprise.
3. The amount of fine shall be assessed in accordance with Law on Energy Regulator and Rule on Administrative Measures and Fines.

#### **Article 22: Dispute Resolution**

1. Any dispute that may arise or is related to licensed activities shall be resolved in accordance with Rule on Resolution of Complaints and Disputes in Energy Sector, issued by the Regulator.
2. Decisions of the Regulator related to renewal, modification, suspension, termination and transfer of license as well as decisions on fines as a consequence of violating license conditions or applicable legislation, may be challenged by the Licensee at the competent Court, in conformity with applicable legislation.

#### **Article 23: Transitional Provisions**

1. Following the entry into force of Rule on Licensing of Energy Activities in Kosovo, which is under amendment process as a result of approval of Energy Laws, this license shall be subject to any amendment/supplement including its time limit.
2. The issues which are not covered by this license shall be regulated in accordance with applicable legislation of the Republic of Kosovo.
3. The licensee, during the entire time limit of this license, shall ensure the ownership of legal rights regarding the assets which he operates with, in the territory of the Republic of Kosovo, which are insured in accordance with applicable legislation in Kosovo.
4. The license is issued in Albanian language and shall be translated in Serbian and English language. In case of any discrepancy between the versions, the Albanian version shall prevail.