



Pristina, 24 September 2018

ERO Code: V_1028_2018

The Board of Energy Regulatory Office,

Based on:

- Provisions of Article 9 paragraph 1 sub-paragraph 1.7, Article 15 paragraph 1 sub-paragraph 1.5, Article 25, Article 26 paragraph 1, sub-paragraph 1.2, Article 46 paragraph 1 sub-paragraph 1.1, Article 47 paragraph 3 sub-paragraph 3.3 and Article 48 of Law on Energy Regulator (Law No. 05/L-084);
- Provisions of Articles 16 and 22 of Law on Electricity (Law No.05/L-084);
- Rule on Maximum Allowed Revenues of Transmission System Operator and Market Operator (Rule on TSO/MO Revenues);
- ERO's Decision no. V_1018_2018, on Weighted Average Cost of Capital (WACC);
- ERO's Decision no. V_1019_2018, on the loss reduction target and the allowed losses curve for the second regulatory period 2018-2022 for the transmission system (TSO) and distribution system (DSO);
- ERO's Decision no. V_1020_2018, on categories and lifespan of assets of Transmission System Operator and Market Operator (TSO/MO) and Distribution System Operator (DSO);
- Application of Transmission System Operator and Market Operator (KOSTT JSC.) on the revenues within the Second Periodic Regulatory Review (1 April 2018- 31 March 2023), submitted on 05 September 2017,

in its session held on 24 September issued the following:

DECISION

- I. The **MAXIMUM ALLOWED REVENUES** (hereinafter MAR) that shall be covered from Transmission System Operator and Market Operator KOSTT JSC. through transmission and market use of system tariffs for second periodic regulatory review (PRR2) (1 April 2018-31 March 2023) are hereby **APPROVED**.
- II. The Maximum Allowed Revenues that shall be covered by KOSTT for the second regulatory period are set in the amounts presented in the following table:

Maximum Allowed Revenues for PRR2	2018 € mil	2019 € mil	2020 € mil	2021 € mil	2022 € mil
Transmission System Operator and Market Operator (KEDS)	30.47	28.74	29.97	30.95	31.53

- III. The Maximum Allowed Revenues for KOSTT shall be subject to Regular Annual Adjustment Process, pursuant to Rule on TSO/MO Revenues.
- IV. The licensee TSO/MO shall prepare and submit for approval by ERO, the tariffs for operation of transmission system operator and market operator, set forth with MAR of this Decision.
- V. The tariffs proposed by TSO/MO shall be in accordance with the Tariff Determination Methodology for Transmission System Operator, System Operator and Market Operator and Transmission System Connection Charging Methodology, approved by ERO.

REASONING

- ✚ The Regulator, on 15 May 2017, initiated the second periodic regulatory review (1 April 2018-31 March 2023).
- ✚ ERO, on 05 September 2017, received from KOSTT the application for approval of Maximum Allowed Revenues for PRR2.
- ✚ On setting the Maximum Allowed Revenues (MAR) the Regulator considered the following documents issued and published on its official website:
 - Consultation Papers on: Weighted Average Cost of Capital, Asset Lifespan and Loss Reduction Target, published on 4 July 2017;
 - Response to comments on: Weighted Average Cost of Capital, Asset Lifespan and Loss Reduction Target, published on 4 April 2018;
 - Consultation Paper on Maximum Allowed Revenues, Periodic Review for TSO/MO, published on 24 August 2018;
 - Consultation Paper- Efficiency Factor, published on 24 August 2018;
 - Consultation Paper- Response to Comments, published on 24 September 2018;
 - Following the evaluation and analysis of relevant reports and review of comments submitted by parties, as well as based on legal provisions mentioned in the introductory section of this Decision, the Board of the Regulator decided as in the enacting clause to this Decision.

- VI. The Decision shall be issued and published in official languages of the Republic of Kosovo.

- VII. The Decision shall enter into force on the date of approval by the Board of the Regulator and shall be implemented by KOSTT JSC., starting from 1 April 2017, and published on ERO's official website.

Legal advice: The party dissatisfied with this decision may initiate an administrative dispute at the Competent Court, within thirty (30) days from the date of receipt of this Decision or the date of its publication on ERO's website, whichever occurs last.

ERO Board:

Arsim Janova, Acting
Chairman

Besim Sejfijaj, Member

Selman Hoti, Member

Izet Rushiti, Member

This Decision is sent to:

- Transmission System Operator and Market Operator (KOSTT), and
- ERO Archive