



Pristina, 15 October 2018  
ERO Code: V\_1049\_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 26, paragraph 1, sub-paragraph 1.2, Article 46, paragraph 1, sub-paragraph 1.1 and Article 48, paragraphs 1,2,3 of the Law on Energy Regulator (Law No. 05/L-084);
- Provisions of Article 16, paragraph 1, Article 28, paragraph 1 of the Law on Electricity (Law No. 05/L-085);
- Provisions of Article 4, Article 5, Article 9, Article 13 of Rule on Maximum Allowed Revenues of Transmission System Operator and Market Operator (TSO/MO); and
- Provisions of Article 4, Article 5, Article 8, Article 9 of Rule on Maximum Allowed Revenues of Distribution System Operator (DSO);

in its session held on 15 October 2018, issued the following:

## DECISION

- I. **APPROVAL**- of the Efficiency Factor, allowed for the second regulatory period 1 April 2018- 31 March 2023 for TSO/MO and DSO.
- II. Transmission System Operator and Market Operator and Distribution System Operator are **OBLIGED** to implement this Decision for the second regulatory period 01 April 2018- 31 March 2023.
- III. The adjustments for the level of efficiency factor in annual basis, according to this Decision, shall be carried out during the annual adjustments process.
- IV. The allowed Efficiency Factor for TSO/MO and DSO for the second regulatory period, according to enacting clause under point I. of this Decision, is provided in the following table:

Table 1 – Allowed Efficiency Factor for the second regulatory period

Efficiency Factor	Unit	2018	2019	2020	2021	2022
Transmission System Operator and Market Operator TSO/MO	%	-	1.50	1.50	1.50	1.50
Distribution System Operator DSO	%	-	17 1.50	18 1.50	19 1.50	20 1.50

## REASONING

✚ ERO, in line with the responsibilities granted under the legislation mentioned in the introductory section of this Decision, in relation to the setting of efficiency factor, has developed a transparent process, which also included the consultation with stakeholders:

- The Regulator, on 15 May 2017, initiated the second periodic regulatory review (April 2018-2022);
- Consultation Paper- Efficiency Factor, published on 24 August 2018;
- Consultation Paper on Maximum Allowed Revenues- Periodic Review for TSO/MO, published on 24 August 2018;
- Consultation Paper on Maximum Allowed Revenues- Periodic Review for DSO, published on 24 August 2018;
- Final Report on TSO/MO Maximum Allowed Revenues - Response to Comments, published on 24 September 2018;
- Final Report on DSO Maximum Allowed Revenues- Response to Comments, published on 24 September 2018;
- ERO will apply the Efficiency Factor on “Basic Operational Expenses”, which include personnel costs, maintenance costs and other general operational expenses. It excludes the costs of energy purchase to cover electricity losses in the grid, depreciation costs, costs of purchase of ancillary services and purchase of other services etc., and
- ERO Board, following the evaluation and analysis of relevant reports and following the review of the comments received by parties, as well as based on the legal provisions mentioned in the introductory section of this decision, has decided as in the enacting clause to this Decision.

**V.** The Decision is issued and published in official languages of the Republic of Kosovo.

**VI.** The Decision shall enter into force on the date of approval by ERO Board, and will be published on the official website of ERO.

**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**

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Arsim Janova, Acting  
Chairman

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Besim Sejfiqaj, Member

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Selman Hoti, Member

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Izet Rushiti, Member

**This Decision is sent to:**

- Transmission System Operator and Market Operator (KOSTT) and
- Kosovo Electricity Distribution and Supply Company (KEDS)
- ERO Archive