



Republika e Kosovës
Republika Kosova - Republic of Kosovo

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



Pristina, 20 December 2018

ERO Code: V_1077_2018

The Board of Energy Regulatory Office

Based on:

- Article 9, paragraph 1, subparagraph 1.7, Article 15, paragraph 1, subparagraph 1.15, Article 25, Article 26, paragraph 1, subparagraph 1.2 and Article 43, paragraph 1 of Law on Energy Regulator (No. 05/L-084);
- Article 16, paragraph 5 of Rule on Authorization Procedure for Construction of New Generation Capacities based on Renewable Energy Sources;
- Decision on Issuance of Final Authorization V_660_2014, dated on 11 November 2014, to "Matkos Group" LLC, for construction of new generation capacities for generation of electricity from water, HPP Vica, with an installed capacity of 4.6 MW, CA Drekoc, Municipality of Shtërpca;
- Decision V_932_2018, dated on 29 March 2018, on extension of validity term of Decision on Final Authorization V_660_2014, dated on 11 November 2014, issued to "Matkos Group" LLC, for construction of new generation capacities for electricity generation from water, HPP Vica, with an installed capacity of 4.6 MW, CA Drekoc, Municipality of Shtërpca,
- Request for extension of validity term of Decision on Final Authorization V_660_2014, dated on 11 November 2014, for an additional period of 12 (twelve) months, for construction of new generation capacity, for electricity generation from Water, HPP Vica, with an installed capacity of 4.6 MW, CA Drekoc, Municipality of Shtërpca, dated on 02.11.2018, prot. no. 208/18, of "Matkos Goup" LLC, having its address at: St. "Veternik", 10000, Pristina, Republic of Kosovo,

in its session held on 20 December 2018 issued the following:

DECISION

- I. On **APPROVAL** of the request of "Matkos Group" LLC, and **EXTENSION** of validity term of Decision on Final Authorization V_660_2014, dated on 11 November 2014, for construction of the hydro power plant HPP Vica, with an installed capacity of 4.6 MW, CA Drekoc, Municipality of Shtërpca, for an additional period of 12 (twelve) months, namely until **11 November 2019, for finalizing the construction of the hydro power plant.**



Reasoning

- ERO, on 29.03.2013, received from “Matkos Group ” LLC. the application on obtaining the authorization for construction of new generation capacities for electricity generation from water, in Lepenc River, for four (4) generating units, HPP Shtërpce with an installed capacity of 2.47 MW, HPP Bitinje 2.1 MW, HPP Vica 2.5 MW and HPP Brod 2.5 MW, all of them located in Municipality of Shtërpca.
- The Board of Energy Regulatory Office, following the analysis of the evidence presented by “Matkos Group” LLC decided that the applicant has proved its suitability for development of the project for construction of new generation capacities from Water, and issued Decision on Notification for Preliminary Authorization V_541_2013, on 28 June 2013. The decision on Notification for Preliminary Authorization did not imply the issuance of the Authorization, until the fulfilment of the requirements set in the Rule on Authorization Procedure for construction of New Generation Capacities.
- ERO, on 19.06.2014, received from “Matkos Group” LLC the request for conversion of Decision on Notification for Preliminary Authorization, for construction of new generation capacities for electricity generation from water , into Final Authorization for HPP Bitinje and HPP Vica, joined in one hydro power plant with an installed capacity of 4.6 MW, located in Drekoč, in Lepenc River, CA Drekoč, Municipality of Shtërpca, attaching evidence issued by relevant authorities on fulfilment of all environmental requirements, the right on the use of land, the right on the water of water, Construction Permit and other legal requirements related to the nature of the project in accordance with the applicable legislation.
- The Board of Energy Regulatory Office, on 11.11.2014, decided that “Matkos Group” LLC shall be issued the Final Authorization V_660_2014 for construction of new generation capacities for electricity generation from Water, for HPP Vica, with an installed capacity of 4.6 MW, the generation unit that shall be placed in the location Drekoč, CA Drekoč, Municipality of Shtërpca.
- ERO, on 10.11.2016, received from “Matkos Group” LLC the request for extension of validity term of Decision on Final Authorization V_660_2014, dated on 11 November 2014, for HPP Vica, with an installed capacity of 4.6 MW, **for continuing the construction for one (1) additional year, namely until 11 November 2017.**
- The Board of ERO, in its session held on 25 November 2016, following the review and evaluation of the request and relevant evidence, approved the request of “Matkos Group” LLC, and upon Decision V_864_2016, decided to allow the extension of validity term of Decision on Final Authorization V_660_2014, dated on 11 November 2014, for one (1) additional year, namely until 11 November 2016, in line with legal provisions of Rule on Authorization Procedure.
- ERO, on 06.11.2017, received from “Matkos Group” LLC the request for extension of validity term of Decision on Final Authorization V_660_2014, dated on 11 November 2014, extended by Decision V_864_2016, dated on 25 November 2016, for HPP Vica with an installed capacity



of 4.6 MW, for an additional period, **for continuing the phase of construction for 12 (twelve) months, namely until 11 November 2018.**

- The Board of ERO, in the session held on 29 March 2018, following the review and evaluation of the request and relevant evidence, approved the request of “Matkos Group” LLC, and upon Decision V_932_2018, decided to allow the extension of validity term of Decision on Final Authorization V_660_2014, dated on 11 November 2014, for an additional period of twelve (12) months, namely until 11 November 2018, in line with legal provisions of Rule on Authorization Procedure.
- ERO, on 02.11.2018, received from “Matkos Group” LLC, the request for extension of validity term of Decision on Final Authorization V_660_2014, dated on 11 November 2014, for HPP Vica, with an installed capacity of 4.6 MW, for an additional period **for finalizing the construction of the hydro power plant for 12 (twelve) months, namely until 11 November 2019.**
- “Matkos Group” LLC, in its request explained that: they have submitted a request due to reasons outside the control of the company which have affected the construction of the hydro power plant.
- “Matkos Group” LLC explained that the project HPP Vica, for almost two years since the issuance of Final Authorization, has been unable to continue the realization of the project, due to barriers from the community of the area and despite the fact that they have organized public discussions with the purpose of providing information on the project, however, upon the commencement of works, protests took place, which interrupted the dynamic of executing the works.
- It also explained that there have been also barriers from the Ministry of Environment and Spatial Planning, namely Construction Inspectorate, which based on submitted complaints, ordered the interruption of works which lasted until 10 November 2016, namely for two years, the period for which they were issued the Final Authorization from ERO.
- It also emphasized that they have undertaken all actions and submitted complaints at relevant Municipal bodies as well as at the Ministry of Environment and Spatial Planning, which (the Ministry) in September 2015 issued a Notice which allows the continuation of construction works. Despite the Notice from the relevant Ministry which allowed the continuation of works, they were obliged to wait for a confirmation from the Municipality of Shtërpca, which issued the Construction Permit, and requested to continue in accordance with the instructions from the Municipal Assembly.
- The Directorate for Urbanization and Environmental Protection of the Municipality of Shtërpca, on 10 November 2016, following the analysis of the situation regarding the realization of the project of the hydro power plant HPP Vica, issued a notice for ERO, which notified that the construction works on realization of HPP Vica have been interrupted from the Municipal Assembly since 2015, due to uncertainties of the local residents which presented barriers in commencing the construction, and asked ERO for understanding, as well as to take into account the situation and events during this period of time, in order to be able to reset the



time-limits for the investor. It also requested understanding from the investor regarding the loss of time in realization of the project and stated that following this, the proper conditions for restarting the construction works have been established, hoping that they have overcome the uncertainties regarding this project.

- *“Matkos Group” LLC, on 10.11.2016 submitted a request for extension of validity term of the Final Authorization for one additional year, for construction of the hydro power plant HPP Vica, CA Drekoc, Municipality of Shtërpca. The Board of ERO, on 25 November 2016 issued the Decision V_864_2016, which approved the extension of the time-limit for construction of the hydro power plant for one additional year, even though they were looking forward to the approval of the request for two years, given that the term allowed in Final Authorization could not be fulfilled, due to barriers out of the control of company from certain people.*
- *It also explained that with respect to verification of the construction works, following the establishment of proper conditions for construction of the hydro power plant, on 19 October 2017, the Environmental Inspectorate went to the field, where the company was carrying out the work, and verified that the project HPP Vica and other projects that are being executed by Matkos Group LLC are on the construction phase. According to the dynamic of works and legal criteria, they emphasized that there is a significant improvement, regarding which you will find the attached minutes no. 17 – ins P-30-vs-12 on the Inspection of Works from the Ministry of Environment.*
- *Also, due to the impossibility of realizing the project within 2017, on 06.11.2017 they submitted a request for extension of validity term of Final Authorization for one additional year, submitting the justifications for not carrying out the construction, within the period stipulated for the hydro power plant, explaining that they have had a significant progress in construction of HPP Vica, where they have carried out construction works, despite the fact that they have had delays of more than 2 years, following the issuance of Final Authorization, due to above-mentioned barriers.*
- *It also emphasized that given the complex nature of the projects related to hydro power plants and above-mentioned barriers, it was impossible to finalize this project within the term, taking into account the complex nature in construction of hydro power plants which are mainly being constructed in harsh terrains, therefore, we have to submit a request for extension, even though we would like to finish it as soon as possible, given that we undergo financial losses for each delay.*
- *Matkos Group LLC, starting from the spring of this year, upon the improvement of climatic conditions, worked intensively in the terrain, despite the atmospheric precipitations during summer months in Kosovo, where often they had to interrupt the works in the field. So far, they have carried out more than 80% of the works, respectively they have finished the offtake, more than 4 km of pipelines have been paved and they have been working intensively in the premises of the hydro power plant, they have purchased the turbines and accompanying equipment and are also working on the conductors, in line with Power Consent issued by KEDS.*
- *Therefore, taking into account that the time limit stipulated upon Final Authorization and decisions on extension of validity term of Final Authorization V_660_2014, for construction of*



HPP Vica, cannot be fulfilled, and in order to remain in accordance with ERO's legislation, pursuant to legal provisions of Article 16, par. 5 of Rule No. 11/2017 on Authorization Procedure for construction of new generation capacities based on RES, we are obliged to submit a request for extension of validity term of Final Authorization possibly for one additional year. We are looking forward to finalize this important project for Kosovo, given that this project, along with others, is important for meeting RES targets and other private investments are a pillar of economic development of Kosovo, given that the barriers in realization of this project were out of the control of the company Matkos Group LLC. The dynamic initial plan could not be implemented due to reasons and evidence presented above. In addition to this, considering that more than 80% of works in the field have been finalized, we hope that the extension of the term of Final Authorization for one more year shall be sufficient for finalizing the project.

- ERO Board, following the analysis of the request of "Matkos Group" LLC and attached evidence on extension of validity term of Final Authorization, for construction of new generation capacities for electricity generation from Water, in Lepenc River, HPP Vica, with an installed capacity of 4.6 MW, in Municipality of Shtërpca, evaluated them and considered that due to presented barriers, which were out of the control of the investor and due to complexity of construction of hydro power plants, and after facts were presented that within this period the project shall be finalized, as well as based on the files on this issue, decided to allow the extension of the validity term of Final Authorization V_660_2014, dated on 11 November 2014, for an additional legal term, in line with legal provisions mentioned in the introductory section of this Decision.
- II. The Decision on Issuance of Final Authorization V_662_2014, dated on 11 November 2014, shall be valid until **11 November 2019**, according to enacting clause under item I of this Decision. In case the construction of the new plant is not finalized, or it is not acted in accordance with applicable legislation, It shall be repealed.
- III. The Decision is issued and published in official languages of the Republic of Kosovo
- IV. This Decision shall enter into force on the date of approval by the Board and shall be 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 Sejfiqaj, Member



Selman Hoti, Member

Izet Rushiti, Member

This Decision is sent to:

- The party,
- Municipality of Shtërpca,
- General Secretary of MESP, and
- ERO Archive