



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

Energy Regulatory Office (ERO) is an independent agency, established by the Assembly of the Republic of Kosovo, pursuant to Articles 119.5 and 142 of the Constitution of the Republic of Kosovo.

ERO conducts an economic regulation of the energy sector (Electricity, District Heating, and Natural Gas).



ERO Decisions issued in the period January-June 2012

Decision V_395_2012 on Preliminary Authorization –Eurokos-JH Loreto Consult

AG Decision V_396_2012 on the Derogation of Articles of KEK J.S.C. Licenses

Decision V_397_2012 on the Derogation of Articles of the Distribution Code

Decision V_398_2012 Approving the customer complaint of Steda Kosovo

Decision V_399_2012 Determining Key Parameters

Decision V_400_2012 Dispute KOSTT-KEK

Decision V_401_2012 Extending the Supply/Trade License for RUDNAP GROUP AD

Decision V_402_2012 on the Authorization of KELKOS ENERGY LLC

Decision V_403_2012 on the Transfer of assets 400/220/110kV from KEK J.S.C. to KOSTT J.S.C

Decision V_404_2012 on Amendments to provisions of the Connection Code

Decision V_405_2012 Extending the validity period of Preliminary Authorization for KTW LLC

Decision V_406_2012 Approving Maximal Allowed Revenues (MAR) - ETR6 KEK DSO

Decision V_407_2012 Approving Maximal Allowed Revenues (MAR) - ETR6 KOSTT

Decision V_408_2012 Approving Maximal Allowed Revenues (MAR) for DSO - KEK Generation

Decision V_409_2012 Approving retail tariffs for regulated customers

Decisions 409-417 customer complaints (7 rejections of customer complaints)

Participation of ERO in conferences, seminars, international meetings, January–June 2012

25.01.2012 – Roundtable under the study “Recommendations on the quality of service, data collection, reporting and auditing in the Energy Community”, Vienna

- The focus of the roundtable was to summarize previously scheduled activities for Energy Community Treaty signatory parties on the quality of service and electricity supply in the Energy Community and general instructions for the regulation of quality of service and power supply, where a special focus in discussing continuous power supply, quality of voltage and commercial quality.

26.01.2012 – Regular meeting of the Working Group on Customers under ECRB, Vienna

- The focus of the meeting was to present a summary of all activities and tasks defined in the in the Working Group on Customers under ECRB for the previous quarter and to define new activities for the following quarter

27.02-01.03.2012- Participation in the ERRA training on Pricing and Tariff Regulation, in Budapest-Hungary;

(19-20).03.2012 – Participation in ERRA - Meeting of the Working Group on Legal Regulation, Budapest, Hungary

- Representatives of participating countries in the meeting learned from best experiences in better functioning of regulator and energy utilities

19.04.2012 – Regular meeting of the Working Group on Customers under ECRB, Vienna

- The focus of the meeting was to present a summary of all activities and tasks defined in the in the Working Group on Customers under ECRB for the previous quarter and to define new activities for the following quarter

20.04.2012 - Roundtable on the Study on Social Dialog in the Western Balkans

- The focus of this roundtable was to have participants discuss ways they can contribute in strengthening the social dialog between Parties of the Energy Community Treaty with special focus in the Western Balkans Countries, and promote social dialog in the Energy Community.

08.05.2012 – 22nd Meeting of the Gas Working Group under ECRB SEE ECT, in Vienna;

- Main topics of the regular meeting of the Gas Working Group were: i) review of concrete activities in the progress in the implementation of the gas to power initiative, as an incentive for the implementation of the Gas Ring of the Energy Community; and ii) discussion on regulatory aspects on the implementation of the Gas Ring – specifically, review and assessment of the content of the draft document: Practical Assessment of the Regulatory Framework for the northern and southern segment of the Gas Ring, which includes the Kosovo segment.

(23-24).05.2012 - Participation in ERRA – 12th meeting of the General Assembly and Tariff Committee, ERRA Bratislava, Slovakia;

(22-23).05.2012 - ERO representation in the Stabilization-Association Process dialog, in environment, transport, energy, and regional development related to energy tariffs, Brussels, Belgium

- Annual adjustments, covering costs, reduction of government subsidies, and feed-in tariffs for promotion of renewable resources

Participation of ERO in local meetings, workshops and seminars in the period January- June 2012

12.01.2012 – Meeting in KEK on the Electricity Balance – commercial losses.

19.01.2012 – Meeting in KOSTT on Market Rules

23.01.2012 - Meeting with KOSTT representatives on the asset transfer under ETR6;

23.01.2012 – Meeting in ERO with KOSTT representatives on the asset transfer in the dispute of tariff application

23.01. 2012 – Meeting in ERO with KEK representatives on the Dispute between KFOR and KEK;

24.01.2012 – Roundtable organized by IPF, presenting and reviewing the Feasibility Study financed by EU “Implementation of Energy Efficiency Measures in Public Buildings in Kosovo Municipalities”;

26.01.2012 - Meeting with representatives of KEK on the verification of operational and capital costs under ETR6;

31.01.2012 – Meeting with KOSTT representatives on determining RAB/RABf;

02.02.2012 – Meeting in KEK on losses and billing;

03.02.2012 – Meeting in Ministry of Economic Development (MED) with representatives of “Kosova e Re” Project, Transaction Advisors, Representatives of DH Termokos and KEK to discuss and review of draft Agreements on thermal energy supply, TPP Kosovo B – DH Termokos, and comments drafted by stakeholders, including ERO comments;

07.02.2012 – Meeting in Ministry of Economic Development (MED) with representatives of “Kosova e Re” Project, Transaction Advisors, Representatives of DH Termokos and KEK to discuss and review draft Agreements on thermal energy supply, TPP Kosovo B – DH Termokos, and comments drafted by stakeholders, including ERO comments;

(09 – 10).02.2012 – Workshop organized in KOSTT on Market Rules.

20.02.2012 – Meeting in ERO with KEK to harmonize the data on the ERO Annual Report 2011

22.02.2012 – Meeting in Ministry of Economic Development (MED) on the dispute between KFOR and KEK;

24.02.2012 – Meeting in Ministry of Economic Development (MED) on the dispute between KFOR and KEK;

28.02.2012 - Meeting with representatives of KELKOS JSC, consultation on HPP tariffs;

28.02.2012 – Meeting in Ministry of Economic Development (MED) with representatives of “Kosova e Re” Project, Transaction Advisors, Representatives of DH Termokos and KEK to discuss and review draft Agreements on thermal energy supply, TPP Kosovo B – DH Termokos, and comments drafted by stakeholders, including ERO comments;

15.03.2012 - Meeting with representatives of Competition Commission on the coordination of activities ERO-KCC;

15.03.2012 – Participation in the conference organized by the Department of Customer Protection under MTI on the topic Role and Importance of Customer Protection in Kosovo;

21.03.2012 - Meeting with representatives of KEK on the asset transfer from KEK to KOSTT JSC;

23.03.2012 - Meeting with representatives of Wind Power JSC on the request to review tariffs;

27.03.2012 – Meeting in ERO with representatives of HANDIKOS on electricity billing for NGOs;

28.03.2012 – Meeting in KOSTT on the harmonization of Technical Codes with changes in legislation.

28.03.2012 - Meeting in ERO me KOSTT representatives on the asset transfer under ETR6;

02.04.2012 - Meeting in ERO me KOSTT representatives to discuss data which KOSTT received from KEK on the value of assets to be transferred from KEK to KOSTT and costs to be included in the Maximal Allowed Revenues for ETR6;

02.04.2012 – Meeting in ERO with representatives of Customer Protection Department under MTI on the possibility to organize a roundtable with all relevant institutions for public services with the topic “Public services to protect customers”;

03.04.2012 – 20th meeting of the Working Group on Governance of Technical and Operational Codes;

05.04.2012 - Meeting of the Steering Committee on the Provisional Progress Report;

20 April 2012 – Meeting in MED on the finalization of comments in the Regional Energy Community Strategy;

20.04.2012 – Meeting in MED to analyze and review provisions of the Directive 2009/73/EC and Regulation EC 715/2009 (on natural gas) which are transposed in the local legislation, and drafting of the relevant documents for submission in ECT;

24.04.2012 – Meeting in MED to analyze and review provisions of the Directive 2009/73/EC and Regulation EC 715/2009 (on natural gas) which are transposed in the local legislation, and drafting of the relevant documents for submission in ECT;

02.05.2012 - Meeting with MED on feed-in tariffs;

03.05.2012 – Meeting with representatives of USAID on the multi-year tariff process.

03.05.2012 – Meeting in ERO with KOSTT representatives on the study on Security of Supply

(03-05).05.2012 – Meeting in MED on the evaluation of bids for the privatization of distribution and supply (observes).

08.05.2012 -Meeting with representatives of KOSTT JSC on the Regulatory Reporting Forms ETR7;

07.06.2012 – Roundtable on the “Public Services to protect customers” e organized by Ministry of Trade and Industry, Prishtina;

08.06.2012 – Meeting in ERO with KEK representatives on Procedures for Identification and prevention of unauthorized use of electricity;

08.06.2012 – Meeting in ERO with representatives of KFOR (HQ) on the dispute between KFOR and KEK;

12-13.06.2012 – Meeting in Durrës on the Business Plan;

20.02.2012 – Meeting in the Kosovo Assembly with the Assembly Committee on Economic Development, Infrastructure, Trade and Industry on the public hearing on the draft law on customer protection;

21.06.2012 - Meeting with KOSTT representatives on Regulatory Reporting Forms;

22.06.2012 – Meeting in KOSTT on the Market Design and Market Rules – issues for review

27-28.06.2012 – Training organized by USAID for Young Commissioners.

ERO activities for the period January - June 2012

DTC Activities in the first half of 2012 can be divided in 3 main categories:

- Sixth electricity tariff review (ETR6);
- Seventh electricity tariff review (ETR7);
- Review of losses, MPKK and other regulatory parameters.

The following is a summary of aforementioned activities where DTC was engaged during this reporting period:

Notification of licensees and stakeholders on the sixth electricity tariff review (ERT6);

Responses to the questionnaire of prequalified companies for KEDS transaction;

Preparation and distribution of model forms under ETR6 to licensees (KEK and KOSTT J.S.C.);

Determination of key regulatory parameters used for the calculation of allowed income and tariffs for Distribution System Operator and Public Electricity Supplier for MYT purposes;

Preparation and distribution of consultative reports of the Energy Regulatory Office, on applications of Kosovo Energy Corporation J.S.C. and Kosovo Transmission, System and Market Operator J.S.C.;

Notification on the seventh (multi-year) electricity tariff review (ETR7);

Publication of the consultative report on ETR7 initiation and reporting forms for the licensees;

Approval of the retail electricity tariffs of regulated consumers, to be used by KEK-J.S.C. from 1 June 2012;

Approval of the Maximum Allowed Revenues for the Transmission, System and Market Operator (KOSTT), regulated generators (TPPs Kosova A and Kosova B), and the relevant Distribution System Operator, for a twelve month period, from 1 April 2012 to 31 March 2013.

ETR6 concluded on 20 June, whereby ERO Board issued a decision on retail electricity prices applicable between 1 June 2012 and 31 March 2013. After the conclusion of this process, DMP constantly informed the public on the results of ETR6, mainly through statements in media and participation in public televised debates.

From 23 April 2012, ERO started preparations on the seventh electricity tariff review (ETR7). This will be the first review subject entirely to the new pricing rules, and considers allowed revenues of licensees for a five year period. The new tariffs deriving from this review are expected to enter into force on 1 April 2013.

During this period, Legal and Licensing Department harmonized licenses with changes introduced by primary and secondary legislation. All harmonized licenses underwent public consultations and comments include comments of stakeholders included in the process.

Also, during this reporting period, DLL received a number of applications for authorization of generation capacities, which it continued to review, whereas on 15 June 2012, ERO Board issued the Authorization for construction of a Hydro Power Plant comprising two generation units in "HPP Belaja", with installed capacities of 9.2 and HPP Deçan with installed capacities of 8.4 MW (in total 17.6) to 'Kelkos Energy' LLC.

During this reporting period, the Market Department was engaged in monitoring energy enterprises,

through analyses of daily and monthly data received by licenses on regular basis.

Also, numerous documents were analyzed, including documents belonging to ERO, the licensees and local and international institutions.

The Market Department is also engaged in completing questionnaires submitted by local and international institutions.

Further, it played a special role in preparing 2011 ERO Annual Report, assisting in the preparation of tables and charts for the entire report and its design in general, along with its obligations pertaining to the electricity market.

During this reporting period, Consumer Protection Department was engaged in consumer protection, by reviewing and resolving consumer appeals and disputes between licensees. It was also part of direct discussions between parties, which it informed on their rights related to the energy sector.

Also, during the reporting period, a number of procedures and documents were analyzed, including those of ERO, the licensees and international stakeholders.

CPD is also engaged in completing questionnaires submitted by local and international institutions.

Below are some of the activities conducted in the sector of central heating:

Compilation of the ERO report –sections related to central heating and natural gas.

Regular monitoring of CH enterprises – data analyses, information submitted by central heating enterprises.

Analyses, comments and finalization of draft documents prepared by central heating enterprises and submitted to ERO for approval, including: i) Distribution System Planning and Safety Standards, ii) Draft Agreement on thermal energy supply TPP Kosovo B – DH Termokos.

Participation in working groups on evaluation of applications for authorization of the construction of generation capacities, especially wind-powered and small hydro power plants.

Follow-up on regional developments regarding natural gas, especially under the Energy Community Treaty for Southeast Europe (EnCT). Participation in the works of the ECRB Gas Working Group, Gas Forum and other relevant activities organized by EnCT Secretariat.

Review and analyses of reports with information and data on factual generation of central heating enterprises in 2011/2012, with the aim of comparing and coordinating with respective planned data, in order to determine allowed revenues and tariffs for 2011/2012.

Analyses, comments and preparation of documents related to natural gas and works of ECRB-EnCT GWG, including questionnaires, reports and other relevant documents: i) completion of the licensing questionnaire; ii) completion of data and information related to the drafting of the Practical Assessment of the Gas Ring Regulatory Framework – north and south segments; iii) completion of relevant sections of the questionnaire on the feasibility study on Kosovo’s integration in EU; iv) completion of the questionnaire on integration of biogas in natural gas grids.

Follow-up of overall implementation of ECLO’s “ERO Assistance Project” and coordination with the advisory company (LDK), as the official counterparty – responsible unit within ERO.

Planned ERO activities for the period July – December 2012

- Approval of the Kosovo Electricity Market Design;
- Review and commenting Electricity Market Rules;
- Review of the applications for Authorization of development of new generation capacities;
- Approval of licenses harmonized with changes introduced by primary and secondary legislation;
- Analyses, commenting and review of relevant documents submitted to ERO for approval by the licensees;
- ERO is considering tariff affordability by household consumers with 2-tariff meters, prior to its decision on the feasibility of further application of block-tariffs for these consumers. In meeting requirements set forth in Article 40 of the Law on Energy Regulator, ERO is studying the existing tariff structure and will make note of any eventual cross-subsidizing between different consumer categories. Results of these analyses will be published during the second half of the year;
- Review and resolution of all consumer complaints and disputes among licensees;
- Preparation of the procedure on service quality and supply of electricity standards monitoring;
- Future review of central heating tariffs and final drafts of relevant documents, such as: reports on determination of allowed revenues, and calculation and tariff setting;
- Monitoring of the fulfillment of conditions and requirements deriving from licenses held by central heating companies;

- Completion of the regulatory framework on central heating; especially finalization of the rule on central heating pricing, and tariff methodology, and finalization of the tariff model and other relevant documents;
- Participation in SEE EnCT mechanisms on issues related to natural gas – ECRB gas working group, gas forum and other respective activities;
- Analyses, commenting and preparation of documents related to natural gas and the work of ECRB-EnCT GWG, including questionnaires, reports and other relevant documents.