



Energy Regulatory Office
Zyra e Rregullatorit per Energji
Regulatorni Ured za Energiju

On 25 October 2005 the TREATY establishing the Energy Community of SEE was SIGNED in Athens -Greece. Head of ERO participated on signing ceremony of the Treaty together with D/SRSG Mr Joachkim Ruecker and Deputy Minister of MEM Mr. Agron Dida. By signing the Treaty Kosovo commits itself to comply with European Legislation in the energy sector and to promote competition based on free-market principles.

Foreword by the Chairman

Year 2004 has been a milestone year for setting the future developments in the Energy Sector of Kosovo. The adoption by the Assembly and subsequent promulgation by the SRSG, of the Laws on "Energy", "Electricity" and "Energy Regulator" set the framework for the establishment of a competitive and sustainable energy sector which guarantees the security of supply for all its citizens and underpins the economic growth and development of Kosovo.

After promulgation of the mentioned Laws adopted by Assembly of Kosovo, UNMIK established on the 30th of June 2004, the Energy Regulatory Office (ERO) as an independent Authority.

In its first year of operation, ERO focused on acquiring the technical, economic and legal skills that are needed to design and manage successful regulatory systems for the energy industry. ERO is fully aware of the considerable challenges facing the energy sector in Kosovo, in particular the weakened financial position of the utilities, and as first priority it was set to assist and stabilize them.

Apart from those efforts, ERO has undertaken in 2004 a comprehensive price review in the District Heating sector and managed to decrease prices by an average of 12%.

The main bulk of work concentrated in preparing with the aid of consultants, the secondary legislation items. ERO's newly recruited staff has undertaken throughout 2004 extraordinary efforts and excelled by embarking in a steep learning curve.

For their successful efforts already commented positively by other stakeholders, I wish to thank my colleagues and look with confidence upon the major challenges that ERO faces in 2005.



Nick F Frydas



Establishment of the Board of ERO

August, 2005

After the appointment of the last two ERO Board Members from SRSG, the Board is fully established and held its first meeting.

Regulation plays an important role in economical development facilitating the appropriate institutional and organizational structure that needs to be in place in order to attract the massive private investments that are required to exploit rational natural resources.

Role Of ERO

The main task of ERO is to create conditions for reliable, safe and environmentally sound supply of energy, and to promote, establish and protect a competitive energy market based on principles of objectivity, transparency and non-discrimination in Kosovo.



Law on the Energy Regulator defines the powers, duties and functions of the ERO, to develop the conditions for issuing licenses to carry out energy activities, the procedures for granting permits for construction of new generating capacity, the criteria for regulating prices, and the conditions of energy supply.

Major Energy Sector Issues

- Restructuring and incorporation of energy enterprises in line with the EU Directives (this task is monitored by ERO and is very important for development of sector being related to other stakeholders; KTA and MEM)
- Development of liberalised energy markets in accordance with treaty of Energy Community in South-East Europe (ECSEE) requirements. This will stimulate new investment project in energy sector financed by private investors
- Establishment of legal framework for new entrance in the Energy Sector which will allow competitive participation of Kosovo in regional energy (electricity and gas) markets in South-East Europe

**Secondary Legislation
Developed and Approved by
ERO (adopted by Board)**

15th December 2005

- **Statute of ERO**
 - **Code of Ethic and Conduct**
 - **Rule on Pricing**
 - **Tariff Methodology**
-

**Rules under Public
Consultation Procedures**

*Drafts published and comments
discussed in Public Hearings*

- **Rule on Licensing**
- **Schedule of Fees**
- **Rule on Dispute Settlement
Procedure**
- **Rule on Disconnection**
- **General Terms and Conditions
for Energy Supply**
- **Rule on Confidentiality of
Information**
- **Rule on Authorization**
- **Rule on Public Register**
- **Manual of Operation**

*Above Rules are planned to be
adopted January-March, 2006*

Decisions issued by ERO

Decision D_01_2004,
District Heating Tariff for Termokos and
DH Gjakova, for 2004-2005

Decision D_02_2004,
District Heating Tariffs for Termomint for
season 2004-2005

Decision D_01_2005,
Approve the Criteria of determining and
calculating unauthorized use of electricity

Decision D_02_2005,
On approving the Request of KEK
regarding the Disconnection Procedure

Decision D_03_2005,
On Connection Procedures and Prices

Decision D_04_2005,
On approval of Heating Tariffs for DHC
"Gjakova" for 2005-2006

Decision D_05_2005,
On Approval of Heating Tariffs for DHC
"Termokos" for 2005-2006

Decision D_06_2005,
On Approval of Heating Tariffs for PMU
Standard/ DHU "Termomint" for 2005-2006

Decision D_07_2005
On Approval of Heating Tariffs for DHC
"Zvecan" for 2005-2006

Decision D_08_2005, On Approval
of KEK Request regarding "ABC Policy"

Temporary Instruction I_02_2005 On
the Principles of Calculation of Tariffs and
Prices in the District Heating Sector for
the Heating Season 2005/2006.

Temporary Instruction I_01_2005 on
Regulatory Reporting of District Heating
Enterprises.





ERO Participation in International Conferences , Meetings, Workshop, Seminars, ect.

- CEER-SEEER WG in Rome, *February 2005.*
- 5th ERRA Annual Conference in Budapest, *April 2005*
- 1st ECRB meeting in Athens, *May 2005.*
- CEER-SEEER WG in Sofia, *May 2005.*
- Energy Week in Skopje, *June 2005 (6th Athens Forum).*
- First ECSEE gas Regulatory Group Meeting (Zagreb, Croatia), *September 2005.*
- 1st SEE "Mini-Forum" and seminar on Market Monitoring, Athens-Greece, *October 2005.*
- SETSO WG meeting in Venice, *November 2005.*
- Energy Week in Belgrade, *November 2005 (7th Athens Forum).*
- District Heating Training, Vilnius-Lithuania, *December 2005*
- Study Tour in Portugal, *June 2005.*
- SC meeting of Feasibility Study for Interconnection 400 kV line Kosovo-Albania in Tirana, *August, 2005*
- Energy Week in Athens, *November 2004 (5th Athens Forum).*
- Balkan Power Conference in Sofia-Bulgaria, *September, 2005*
- Tariff/Pricing Committee of ERRA in Yerevan-Armenia, *September, 2005*
- Legal and Licensing Committee of ERRA, St. Petersburg, *September 2005*
- Legal and Licensing Committee of ERRA, Kiev-Ukraine, *October 2005*
- ERRA pilot online course on Energy Regulation, *October 2005*
- Public Participation & Communication Workshop of ERRA, Kiev-Ukraine, *October 2005*
- District Heating Training, Malmö-Sweden, *November 2005*
- Training in Sustainable Energy and Clean Coal (USA), *November 2005.*
- IEE, Energy Trading Conference, London-UK, *November 2005*

ERO staff in 2004

