



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

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# BULLETIN

## ACTIVITIES OF THE ENERGY REGULATORY OFFICE

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).

Energy Regulatory Office in compliance with Article 25, paragraph 5 of the Law on Energy Regulator, in order to inform the public regarding its activities, prepares and publishes a Bulletin on the activities carried out and expectations for the mid-term time periods. The ERO Bulletins can be found on its [www.ero-ks.org](http://www.ero-ks.org).



Image from "Kosova B" Substation

This issue of the Bulletin presents the activities of the Energy Regulatory Office (ERO) in 2014, and briefly some important activities expected to be carried out in 2015. The activities carried out in 2014 were highly important for the energy sector in Kosovo. Below, you may find some of the activities carried out by ERO:

#### TABLE OF CONTENTS

I.	Decisions issued by ERO during January - December 2014 .....	3
II.	Important activities of the ERO Board – international and within the country agreements and meetings.....	6
III.	Important international activities, participation of the ERO staff in international conferences, seminars, January – December 2014 .....	11
IV.	Participation of ERO in local meetings, workshops and seminars .....	13
V.	ERO activities for the period January – December 2014 .....	18

## **I. Decisions issued by ERO during January - December 2014**

In general, a decision is rendered for important activities of the ERO. Decisions are issued by the ERO Board in a public session. The ERO Board is composed of 5 (five) members, but during 2014 the Board functioned in composition of 3 members since the mandate of two members of the ERO expired, while the Assembly of Kosovo failed to appoint two other members of the Board. During the time period January – December 2014, the ERO Board held 12 Public Sessions wherein 90 decisions have been issued. Some of the most important decisions are as follows:

- Decision V\_601/1\_2014 on extension of the time limit of validity of Decision V\_395\_2012 on Notification for Preliminary Authorization for the “Eurokos J.H” LLC Company, Dragash;
- Decision V\_606\_2014 on approval of the "Procedure on Review of Customer Complaints and Requests" for DH Termokos.
- Decision V\_607\_2014 on approval of the “Energy Sector Reporting Manual”.
- Decision V\_615\_2014 on approval of the “Rules of Auction for the Allocation of the Interconnection capacities of CAO SEE”.
- Decision V\_616\_2014 on approval of Distribution Code amendments.
- Decision V\_617\_2014 on approval of Distribution Metering Code amendments.
- Decision V\_618\_2014 on Notification for Preliminary Authorization for “KelKos Energy Peja” LLC Company
- Decision V\_619\_2014 on Approval of the Guidelines for Legal Unbundling of KEDS / Distribution System Operator from KEDS Public Electricity Supplier
- Decision V\_620\_2014 on obligation of the “Wind Power” JSC Company to complete until 15 October 2014 the installation of wind generators
- Decision V\_621\_2014 on APPROVAL OF THE METHODOLOGY ON DETERMINING THE REGULATED GENERATORS CHARGES
- Decision V\_621/1\_2014 on approval of the Operation Safety Standards
- Decision V\_621/2\_2014 on approval of the Transmission System Safety and Planning Standards
- Decision V\_630\_2014 on approval of the request of KEDS for approval of bill generated by the hand held unit
- Decision No. V\_631\_2014 on approval of the Maximum Allowed Revenues (MAR) to be covered by the licensed operator of the Thermal Power Plant Kosova A and licensed operator of the Thermal Power Plant Kosova B (Regulated Generators);
- Decision V\_632\_2014 on approval of the the regulated prices to be applied by the licensed operator of Thermal Power Plant Kosova A and the licensed operator of Thermal Power Plant Kosova B (Regulated Generators)
- Decision V\_632\_1\_2014 on exemption of the licensees from payment of the annual fee
- Decision V\_633\_2014 on Maximum Allowed Revenues (MAR)- Transmission System Operator

- V\_634\_2014 on Maximum Allowed Revenues (MAR) - Licensed Distribution System Operator
- Decision V\_635\_2014 on Maximum Allowed Revenues (MAR)- Public Electricity Supplier
- Decision V\_636\_2014 on approval of the document "Distribution System Operator Development Plan 2014-2023"
- Decision V\_638\_2014 on approval of electricity retail tariffs and charges of regulated customers for the relevant tariff year ETR8, to be applied by the licensee from 1 July 2014
- Decision V\_639\_2014 on approval of tariffs and charges to be applied by the Distribution System Operator (KEDS), for the relevant tariff year or ETR8, effective from 1 April 2014
- Decision V\_640\_2014 on approval of tariffs and charges to be applied by the Kosovo Transmission System Operator and Market Operator (KOSTT) J.S.C. for the relevant tariff year or ETR8, effective from 1 April 2014
- Decision V\_641\_2014 on allowing KOSTT J.S.C. derogation from implementation of provisions of the Grid Code, Metering Code, Market Rule and Transmission System Operator License
- Decision V\_644\_2014 on approval of MAXIMUM ALLOWED REVENUES (MAR) to be collected from retail electricity tariffs for regulated customers, to be applied by the Public Electricity Supplier (KEDS) for the regulatory tariff year 2014.
- Decision V\_645\_2014 on approval of electricity retail tariffs and charges of regulated customers for the relevant tariff year ETR8.
- Decision V\_652\_2014 on EXTENSION of the Electricity Generation License of the Kosovo Energy Corporation - Generation Division (KEK JSC.) TPP Kosova A
- Decision V\_653\_2014 on granting AUTHORIZATION to the "Led Light Tehnology Kosova" LLC Company, for construction of new generating capacities for production of electricity from photovoltaic solar panels
- Decision V\_654\_2014 rejection of the request for extension of validity regarding the Decision on Preliminary Authorization V\_395\_2012, regarding the construction of new generating capacity for production of electricity from water, for units: HPP "Brod" 1062 kW, HPP "Brod III" (Kukalane) 3120 kW and HPP "Restelicë III" (Globoqicë) 1498 kW, in Dragash Municipality.
- Decision V\_655\_2014 on approval of the the amendments to the Rules of Auction for the Allocation of the Interconnection capacities of SEE
- Decision V\_660\_2014 on granting authorization to the "Matkos - Group" LLC Company for construction of new generating capacities for generation of electricity from water, CZ Drekocë, Municipality of Shtërpce.
- Decision V\_661\_2014 on termination of the validity of Decision on Granting Authorization V-299-2010 of 11 November 2010 on construction of Wind generators, at the location "Bostan", MA Novobërdë
- Decision V\_662\_2014 on APPROVAL of the tariffs of the district heating for the District Heating (DH) Gjakova J.S.C. for the heating season 2014/2015
- Decision V\_663\_2014 on APPROVAL of the tariffs of the district heating for the District Heating (DH) Termokos J.S.C. for the heating season 2014/2015
- Decision V\_666\_2014 on Notification for Preliminary Authorization for the "ENERGY FIRST - ONE" LLC Company, regarding the implementation of "Wind Park-Bajgora" project for construction of new generation capacity for generation of electricity from wind, location Selac, MA Mitrovica.

- Decision V\_667\_2014 on Procedures on Transmission Network Connection
- Decision V\_668\_2014 on Procedures on Monitoring Fulfillment of Electricity Supply and Service Standards Quality
- Decision V\_669\_2014 on extension of the time limit of validity of the Decision V\_490\_2012 on Notification for Preliminary Authorization, dated 24 December 2012, for an additional time limit of six (6) months, namely until 24 June 2015
- Decision V\_670\_2014 on approval of the transfer of the Public Electricity Supply License from the Kosovo Electricity Distribution and Supply Company - JSC (KEDS) - Supply Division, to "KOSOVO ELECTRICITY SUPPLY COMPANY" JSC (KESCO).
- Decision V\_671\_2014 on Notification for Preliminary Authorization for the "EKO - ENERGI" LLC Company, the project for construction of new generation capacities for generation of electricity from water, in the "Morava e Binçës" River, HPP Binça, Municipality of Vitia.
- Decision V\_672\_2014 on modification of the Electricity Generation License of the Kosovo Energy Corporation - (KEK JSC.) Generation Division, TPP Kosova B
- Decision V\_673\_2014 on on determination of the Feed-in tariffs for generation of electricity from Renewable Energy Sources
- Decision V\_674\_2014 on allowing KOSTT J.S.C. derogation from implementation of provisions of the Grid Code, Market Rule and Transmission System Operator License and Market Operator License
- Decision V\_675\_2014 on approval of Generation Adequacy Plan 2015-2024 for KOSTT
- Decision V\_676\_2014 on approval of the "Transmission Development Plan 2015 – 2024" of KOSTT
- Decision V\_677\_2014 on approval of the Heat Supply Agreement, concluded on 15 December 2014, between the KEK - Kosovo Energy Corporation JSC and DH Termokos JSC
- 33 Decisions (Decisions: 608, 609, 610, 611, 612, 613, 614, 622, 623, 624, 625, 626, 627, 628, 629, 642, 643, 646, 647, 648, 649, 650, 651, 656, 657, 658, 659, 664, 665, 679, 680) complaints of customers and KEDS JSC (former KEK JSC).

## **II. Important activities of the ERO Board – agreements and international and local meetings**

During 2014, the Board of Energy Regulatory Office carried out a number of important activities for the energy sector. ERO has carried out two processes of tariffs review and three others for the amendment and approval of the secondary rules. Many meetings were held with the other parties involved in the sector as well as many meetings with potential investors. Some of the most important activities and meetings of 2014, worth mentioning in this Bulletin, are:

### **Meeting with USAID**

**21 January 2014** – the members of the Board met the representatives of USAID, Scott Cameron, Director of USAID's Economic Growth Office/Kosovo, Roxanne Suratgar, Senior Advisor for Energy, Arben Nagavci, Edmond Shyti and two officials of USAID from Washington, Kristen Madler and Alan Kwan. The purpose of the meeting was discussion about the future support of USAID in Kosovo's energy sector.

### **Meeting with the Privatization Implementation Unit (PIU)**

**On 23 January 2014** – the members of the Board met with the PIU – KEDS post-privatization phase supported by the IFC, for a consultative discussion regarding the issues: KEK J.S.C. – KEDS J.S.C. disputes, Energy balance 2014, Issues from the Seventh Electricity Tariff Review – ETR7 (2013 – 1017); Tariffs for 2014, Energy market rules, Technical agreement between Kosovo and Serbia etc. Mrs. Fillanza Hoxha, Project Manager; Bernard Atlan – IFC; Filip Drapak – IFC and Nick Frydas – IFC participated from the PIU.

### **Technical dialogue between Kosovo and Serbia with the participation of EU**

Participation in the works of the Group for Technical Dialogue on Energy, established to provide technical support to the dialogue between the Republic of Kosovo and the Republic of Serbia on energy related matters, is considered as an important activity of ERO. The meetings regarding the technical dialogue were held in Brussels in the presence of the EU representative throughout 2014. In September 2014, the Action plan, which has assigned in details the activities of each party based on the Agreement on Energy signed in 2013, was signed as a product of negotiations. At the same time, progress was achieved also in terms of transmission since an Agreement between TSO and an operational agreement were signed between KOSTT and EMS from Serbia. Finally, after nearly four years of negotiations the Action Plan and the agreements that govern the relationships between the TSOs have been signed, which represents a major step in the direction of legalization of energy activities in the north of Kosovo and the termination of illegal actions of Serbian operator. The Serbian operator that has performed some actions of distribution in the north of Kosovo will terminate the work and KEDS, as a legal licensed operator for distribution will carry out activities also in the north of Kosovo. The Serbian operator may be licensed for the electricity supply, but not for the electricity distribution, since KEDS is the only licensed distributor for the entire territory of the Republic of Kosovo.

### **Meeting of the TPP "Kosova e Re" Project Steering Committee (PSC)**

**31 January 2014** – The Board representative participated in the meeting of the TPP "Kosova e Re" Project Steering Committee.

#### **MED – Presentation of Draft Laws**

**7 February 2014** – Board representatives participated in the meeting organized by the Ministry of Economic Development in order to present the draft laws on energy, compiled in accordance with the requirements of the third package of the working groups, where the ERO experts participated as well.

#### **Meeting with the Representatives of the European Commission regarding the Progress Report**

**13 February 2014** – The member of the Board met the representatives of SIGMA Company, as authorized by the European Commission to bring its fact-finding mission to Kosovo to collect the necessary data for the compilation of the Progress Report for Kosovo for 2014. The representative of the Board notified the representatives of SIGMA Company regarding the developments and achievements of the energy sector in terms of economic regulation.

#### **Meeting with the representatives of “Feronikeli” Company**

**18 January 2014** – The Board representative met the representatives of “Feronikeli” Company.

#### **Meeting with the Water Supply Association of Kosovo (SHUKOS)**

**25 February 2014**, the Board representative met the Water Supply Association of Kosovo (SHUKOS) to discuss about the tariff structure and the request of this organization to change the electricity tariff structure regarding the water supply companies of Kosovo.

#### **KOSID’s International Conference on Sustainable Energy Options**

**27 February 2014** – The Board representative participated in the KOSID’s International Conference where the Sustainable Energy Options was the topic of discussion.

#### **Tariff Structure Review**

**28 February 2014** – in accordance with the recommendations of the Assembly of Kosovo to review the Tariff Structure, the ERO Board held a Public Session to discuss regarding the analysis performed for the current structure.

In order to include the public and stakeholders, ERO has initially drafted the document "Consultation Paper on Tariff Structure", where the possible options regarding the change of the existing tariff structure have been provided. After receiving the comments in writing from the stakeholders but also during the public session, the Board, in the meeting held on 30 June 2014, did not reach a consensus for changing the Electricity Tariff Structure.

#### **Inaugural ceremony in KEK**

**5 March 2014** – Members of the Board participated in the inaugural ceremony for three projects which have been realized in TPP Kosova A: Hydraulic transport of ash from Kosovo A in the empty spaces of the mine; Installation of the new electro-filter in A4 unit and Commissioning of the compressors station in TPP Kosovo A.

#### **Meeting with the MED**

**5 March 2014** – Members of the Board and the ERO experts met the representatives of the MED to discuss regarding the activities undertaken in the field of energy produced from renewable sources.



**Meeting with the IMF**

**27 March 2014** – The representative of the ERO's Board met the representatives of the International Monetary Fund where the topics on setting the tariffs in the energy sector, privatization issues and other issues in the energy sector in Kosovo were discussed also in the presence of the other acts of the energy sector.

**Meeting with representatives of the Energy Community Secretariat**

**24 April 2014** – Members of the Board and representatives of ERO's staff met with the representatives of the Energy Community Secretariat to discuss regarding the progress achieved, planned activities and challenges in the regulation of the energy sector, the tariffs and prices methodology and their conformity with the competitive market, eliminating the regulation of the wholesale prices; Public service obligations - the scope, plans for solutions, particularly in the wholesale market; the opening of the wholesale and retail market - plans, expectations, obstacles; key indicators of the performance related to the Implementation Report of 2013 (supply, demand, import, export, consumption structure, infrastructure, opening of the market) etc.

**Meeting with representatives of the European Commission**

**22 May 2014** – The Board met with representatives of the European Commission with the purpose of evaluation of EU-funded projects in the energy sector (IPA I funds).

**Meeting with representatives of DH Infrastructure**

**19 June 2014** – the Board representatives met with DH Infrastructure (consultancy company specialized in the regulated networking infrastructure) engaged by IFC in order to evaluate the projects of public-private partnership (PPP) of IFC in South East Europe and Central Asia. One of the projects selected for in-depth analysis is the project of privatization of the distribution company - KEDS.

**Meeting with KPMG regarding the potentials and procedures for investments in renewable energy sector**

**7 July 2014** – representatives of the Board and Legal and Licensing Department met with Karen Wordsworth – Director of Renewable and Sustainable Energy in KPMG, wherein it was discussed about the potentials of investment in the renewable energy generation.

**10.9.2014 Meeting of the TPP "Kosova e Re" Project Steering Committee****Meeting with the representatives of the American Embassy and USAID**

**30.09.2014** – The ERO Board met with Mr. Todd Christiansen, Economic Officer in the USA Embassy in Kosovo, Mr. Scott Cameron, Director of USAID's Economic Growth Office. Mr. Luis Guzman, Deputy Director of the same office and Mrs. Roxanne Suratgar, Senior Advisor for Energy, to discuss about the recent developments in the energy sector.

**Presentation of USAID's Project "Repower Kosovo"**

**As a product of several meetings during 2013 and 2014 between the ERO and the United States Agency for International Development (USAID), USAID has decided to assist the ERO with the new five-year program of technical assistance for energy sector in Kosovo "Repower Kosovo".**



**27 October 2014**, The ERO Board and staff met with the representatives of the USA Embassy in Prishtina, (USAID), and consultants of AECOM Company who will be responsible for the realization of Repower Kosovo project.

“Repower Kosovo” is a program funded by USAID to support Kosovo institutions on building capacities to provide clean safe and affordable energy for customers. To realize this program, USAID has allocated 12 million dollars in order to help the Kosovo institutions to continue efforts for the modernization of the electricity sector in the country and to open the doors for new projects of clean energy, and to enable the creation of an attractive environment for private investments in the energy sector in Kosovo. A major part of this program includes the assistance for ERO.

### **Meeting with representatives of the European Commission "Evaluation of the EU funded Support to the Energy Sector (IPA I)"**

#### **“Kosova e Re” Project Steering Committee**

**13 November 2014** – the representatives of the ERO Board participated in the meeting of “Kosova e Re” Project Steering Committee

### **Partnership activities with the Pennsylvania Regulator**

**8 December 2014** the members of the Board met the representative of NARUC (National Association of Regulatory Utility Commissioners) to discuss regarding the future developments within the Cooperation Partnership activity of the of ERO with the Regulatory Commission of Pennsylvania.

**9 December 2014** ERO in cooperation with NARUC, Regulatory Commission of Pennsylvania and supported by USAID held the **Donors Forum** – This part of the activity was held in the presence of donors who have contributed and are contributing to the energy sector. Representatives of USAID, Germany and Norway Embassy, German Development Bank, World Bank etc., were present. This forum, besides containing presentations on regulation of the energy sector in Kosovo, was also a wider information of participants with the role of American regulators as regards relationships with the other shareholders in the sector, the media and customers as well as the lessons learned from the American practices.



Meeting with representatives of PUC and NARUC

**10 December 2014**, Technical workshop **“Enhancing Security of Supply in Kosovo for Economic Growth”**, organized in cooperation with NARUC, supported by USAID and prepared specially for ERO and the operators regulated by it, was held. Discussions of some of the key issues related to the design and operation of the electricity market in Kosovo, including the relationships between the market actors, information systems between regulators and companies, as well as support for the renewable energy, were conducted during this Workshop.

In addition, the experiences of the regulators from the USA were presented to and discussed with the participants by the experts of the Commission, in order to improve and support the processes of privatization in Kosovo.

Also, in addition to participants of ERO, NARUC, and PUC, senior officers of KEK, KEDS and KOSTT Companies participated in these discussions.

**11-12 December 2014** - the third part of the Partnership activity, which has been dedicated solely to the professional staff of ERO, was held. Topics on the tariff review processes, Tariff Methodology and other topics of activities which are obligation of the ERO, have been discussed in this meeting.



Meeting with representatives of the PUC

#### **Meeting of the Steering Committee**

**19 December 2014**, the representative of the ERO Board participated in the TPP “Kosova e Re” Project Steering Committee (PSC), wherein the bids of the pre-qualified investors for the construction of TPP “Kosova e Re” have been received. The bid was submitted by the pre-qualified investor Contour Global from the United States of America.

#### **Meeting with the Minister of Economic Development**

**22 December 2014**, the Board held a meeting with the Minister of Economic Development, Mr. Blerand Stavileci, wherein they discussed various issues of the energy sector regulation, activities of the ERO and the challenges that await this sector.

### **III. Important international activities, participation of the ERO staff in international conferences, seminars, January – December 2014**

#### **Participation of ERO in international conferences, seminars, various meetings**

Also during 2014, ERO employees represented ERO in various important international meetings. They have also conducted various adequate trainings on the energy sector, exchanging experiences with countries of the region and Europe.

Some of the meetings/visits conducted in different international countries are briefly presented below:

**4 February 2014** – Participation in the 29th meeting of the GPG ECRB – ECT, Vienna, Austria;

**5-6 February 2014** – Participation in the 31<sup>st</sup> meeting of the working group ECRB EWG and in the workshop on Balancing within the EnCS; Vienna, Austria;

**12 February 2014** - 27th regular meeting of the Customer and Retail Market Working Group within the Energy Community Regulatory Board (ECRB), SEE ECT, Vienna, Austria;

**14 March 2014** – 2<sup>nd</sup> Vienna Forum on the European Energy Laws, Vienna, Austria;

**22 – 23 March 2014** - Workshop on drafting/finalizing the ERO Annual Report 2013, Durrës, Albania;

**25 March 2014** – Workshop on statistics, organized within the Energy Community Secretariat, Vienna, Austria;

**10 - 13 April 2014** - Training on management of public finances, Budva, Montenegro;

**15 April 2014** – Participation in the 27<sup>th</sup> meeting of the ECRB, Athens, Greece;

**27 – 28 May 2014** – Participation in the 30<sup>th</sup> Meeting of the GWG ECRB – ECT, and the Workshop on security of supply, Vienna, Austria;

**02 - 05 June 2014** – Participation in the 32<sup>nd</sup> regular meeting of the electricity working group (EWG) within the ECRB and in the Meeting of Athens Forum, Athens, Greece;

**10 – 11 June 2014** – Workshop on the Renewable Energy Sources organized by ECT – Vienna, Austria;

**16 - 17 June 2014** – 28<sup>th</sup> regular meeting of the Customer and Retail Market Working Group, within the Energy Community Regulatory Board (ECRB), SEE ECT, Vienna, Austria;

**17 June 2014** – Seventh (7<sup>th</sup>) Social Forum of the Energy Community, Vienna, Austria;

**25 September 2014** – CEER Benchmarking Training (Comparative Studies), Brussels, Belgium;

**29 September 2014** – Participation in the workshop on the topic “EU Energy Law & Policy Workshop”, Oslo, Norway;

**01 October 2014** – Joint workshop between CEER and the Customer and Retail Market Working Group, within the Energy Community Regulatory Board (ECRB), SEE ECT, Brussels, Belgium;

**02 October 2014** – 28<sup>th</sup> regular meeting of the Customer and Retail Market Working Group, within the Energy Community Regulatory Board (ECRB), SEE ECT, Brussels, Belgium;

**07 - 08 October 2014** – Participation in the ECRB EWG Working Group Meeting in Vienna and in the Workshop on Security of Energy Supply, Vienna, Austria;

**7 - 8 October 2014** – Participation in the 30<sup>th</sup> Meeting of the GWG ECRB – ECT and the 9<sup>th</sup> Gas Forum, Ljubljana, Slovenia;

**08 October 2014** – Participation in the 33<sup>th</sup> regular meeting of the electricity working group, within the ECRB, Ljubljana, Slovenia;

**08 October 2014** – Participation in the Forum: Energy Regulatory Critical and Development Issues for Regional Trade - Perspective from Europe and Eurasia, sponsored by the US Agency for International Development (USAID), organized by the National Association of Regulatory Utility Commissioners (NARUC), Istanbul, Turkey;

**24 - 25 October 2014** – Participation in the training “Financial Statements and Audit”, Budva, Montenegro;

**05 November 2014** – Meeting between the Kosovo and Serbia Delegations concerning the implementation of the Agreement on Energy, Brussels, Belgium;

**11 November 2014** – Participation in the workshop “Energy Statistics“, in the Energy Community Secretariat, Vienna, Austria;

**26 November 2014** – Meeting between the Kosovo and Serbia Delegations concerning the implementation of the Agreement on Energy, Vienna, Austria;

#### IV. Participation of ERO in local meetings, workshops and seminars

Many meetings were held, both with the licensees as well as with the third parties, both by the Board and other ERO staff with regards to the sector of electrical energy, thermal energy and gas as well. It is worth mentioning that during 2014 there were many meetings with potential investors concerning investments in renewable energy as well as with the applicants for licenses or modification of the existing licenses. ERO also had almost daily meetings with different customers who addressed to ERO for various clarifications or complaints in the energy sector.

Some of the meetings of the ERO Board and staff are presented below:

**14, 20, 28, 29 January 2014** – Participation in the meeting held in ERO on the tariff structure;

**15 January 2014** – Participation in the meeting held in ERO with the KEDS Board;

**21-22 January 2014** – Meeting in the MED: Supplementing and Amending the laws on energy to transpose the III package of the European legislation on energy;

**23 January 2014** – Participation in the meeting held in ERO with participants of the IFC;

**23 January 2014** – Participation in the meeting held in MED with representatives of the MED, KEK, KEDS, KOSTT and IFC concerning the disagreements between KEK – KEDS;

**28 January 2014** – Workshop: Identification study for the project: Fuel replacement – DH Gjakova, organized by the KfW and DH Gjakova;

**31 January 2014** – Participation in the meeting in KOSTT with representatives of the MED, KEK, KEDS, KOSTT, on balancing, deviations and requirements from the Market Rules;

**13 February 2014** – Participation in the teleconference organized by the ECT for reporting and addressing the security of supply issues.

**13 February 2014** – Participation in the teleconference organized by the EnCS as a form for reporting the main data on energy;

**13 February 2014** – Participation in the meeting in KOSTT regarding the implications of the Framework Agreement for cooperation between TSOs KOSTT – EMS.

**14 February 2014** – Participation in the meeting with KEDS regarding the procedure for the unauthorized use;

**21 February 2014** – Meeting in ERO with the representatives of the Customers Department in KEDS concerning the customer complaints;

**25 February 2014** – Participation in the meeting held in ERO with representatives of SHUKOS regarding the tariff structure;

**28 February 2014** – ERO Public Session regarding the Electricity Tariff Structure (Prishtina, Hotel “Sirius”).

**03 March 2014** – Participation in the meeting held in ERO with representatives of the Auditor General regarding the electric meters;

**6 March 2014** – Meeting held in the MED on the topic: Promotion of the Renewable Energy Sources, comments on the AI on Promoting the RES and the long-term power purchase agreements.

**8 March 2014** – Monitoring visit in the construction of hydro power plant Deçan by KELKOS – Energy.

**10 March 2014** – Meeting held in the MED: Presentation of the Gas-to-Power Initiative by the representatives of the ECT and ECA (consultant);

**12 mars 2014** – Participation in the meeting held in the ERO with the KEDS Board;

**01 April 2014** – Participation in the meeting in KOSTT concerning the ancillary services provided by EMS;

**02 April 2014** – Participation in the meeting with KEDS regarding the connection charging methodology with special emphasis on the determination of prices for services.

**03 April 2014** – Meeting between the MED - Municipality of Prishtina – KEK – DH Termokos – ERO – KfW for the implementation of the cogeneration project, stages of implementation of the connection in the TPP B1 and B2 units.

**04 April 2014** – Participation in the meeting Study on the technical and economic opportunities of the integration of wind energy sources in the Transmission System of the Republic of Kosovo.

**08 April 2014** – Participation in the meeting held in ERO with the representatives of the Energy Community Secretariat.

**10 April 2014** – Participation in the meeting held in KOSTT concerning the ancillary services provided by EMS;

**15 April 2014** – Participation in the workshop held in the MED on the topic – The principles of economic regulation, Review of prices and tariffs, presented by Nick Frydas;

**18 April 2014 and 22 April 2014** – Participation in the meeting held in KOSTT regarding the costs for the ancillary services provided by EMS - calculation according to some of the preliminary data;

**22 April 2014** – Participation in the meeting held in KEDS with the KEDS representatives concerning the reading of electric meters with hand equipments (HHU);

**29 April 2014** – Participation in the one-day forum with all the relevant religious groups regarding their needs related to the electricity, water and waste issues. The purpose of this forum was the possibility to discuss about providing the services and the discussion regarding the water and waste tariffs for the religious building in Kosovo;

**02 May 2014** – Meeting held in ERO with the representatives of the Consumer Protection Department in the Ministry of Trade and Industry;



**06 – 07 May 2014** – Participation in the meeting in ERO with the Mercado consultants (BB/IFC consultants), regarding the issues related to the Renewable energy sources (amendment of documents the Certificate of origin and Support Scheme (FIT));

**20 May 2014** – Participation in the meeting held in ERO with KEK and KOSTT;

**22 May 2014** – Participation in the meeting in ERO with representatives of IPA regarding the consultancy assessment by the EU from 2008 to 2011 and from 2011 to 2014 (LDK);

**23 May 2014** – Participation in the Workshop organized by the MTI on the “Importance of verification the legal measuring means”. This workshop was held in the building of the MTI.

**26 May 2014** – Meeting in ERO with the representatives of the Customers Department in KEDS concerning the customer complaints;

**06 June 2014** – Participation in the meeting held in KOSTT of the working group for determination of the cost of ancillary services – tertiary reserve provided by EMS;

**04 July 2014** – Participation in the meeting in KEK – visit to the Kosova A concerning the damages caused by the incident of 6 June 2014;

**04 July 2014** – Meeting between KEK – DH Termokos – KfW – ERO – MED: discussion about the draft agreement on thermal energy supply and comments made by the parties;

**17-18 July 2014** – Participation in the meeting held in the MED – teleconference (web conference) with the European Commission regarding the energy situation (security of energy supply) during winter season according to the potential scenarios of the impact of Ukraine crisis to the gas supply for Europe;

**21 July 2014** – Participation in the meeting in KOSTT of the working group for the budget impact and the manner of financing the electricity import as a consequence of the incident of Kosova A;

**24 July 2014** – Participation in the meeting held in KOSTT regarding the energy supply in the future time period;

**30 July 2014** – Participation in the meeting in KEDS regarding the letter of Wind Power;

**01 August 2014** – Participation in the commissioning of works in HC Brod in Rastelice, Dragash;

**07 August 2014** – Meeting in the MED regarding the final draft of the report for Kosovo on Security measures of energy supply;

**20 August 2014** – Meeting with BB consultants for the project of assessment of the potential of biomass in Kosovo and the use for heating;

**01 September 2014** – Joint meeting KEK – DH Termokos – KfW – ERO for the Agreement for supply with thermal energy, discussion about the questionable items and the procedure of finalization and approval;

**08 September 2014** – Participation in the one-day forum with all the relevant religious groups regarding their needs related to the water and waste issues. The purpose of this forum was the



possibility to discuss about providing the services and the discussion regarding the water and waste tariffs for the religious building in Kosovo;

**16 September 2014** – Participation in the meeting in KOSTT regarding the review of the energy balance 2014;

**17 September 2014** – field visit to inspect the site where the Wind generators with a total capacity of 900 kW will be placed, in the location “Bostan”, Novobërda.

**18 - 19 September 2014** – Participation in the meeting organized by Evroenergie Company on the topic Energy Market South East Europe 2014 – participation in the organized panel;

**18 - 19 September** – Participation in the conference of EVROENERGHIE: Energy market in ECT;

**19 September 2014** – Participation in the presentation of the KfW and GIZ regarding the 15<sup>th</sup> anniversary of the cooperation between Germany and Kosovo;

**23 September 2014** – Participation in the meeting organized by the American Chamber of Commerce of the workshop on electricity supply;

**25 September 2014** – Participation in the meeting in KOSTT concerning the agreement signed between Inter – TSO KOSTT – EMS; Starting the Nomination through the IT of the Market and the Implementation of the Agreement on providing the services for the LCF;

**29 September 2014** – Participation in the meeting with KEDS regarding the situation of investments and other problems;

**30 September 2014** – Meeting with the consultants of the BB / IFC project – Private sector participation in the district heating sector

**02 October 2014** – Participation in the meeting held in KEDS and the site inspection regarding the capital investments;

**13 October 2014** – Participation in the meeting in KEK regarding the monitoring the investments and the work in general;

**15 October 2014** – Participation in the meeting in KOSTT regarding the Market Rules Procedures.

**15 October 2014** – Training in the KfW, presentation of the Wind Atlas and the manner of using and extracting the data;

**16 October 2014** – Participation of the working group in the meeting in KOSTT on the topic: Starting the Nomination process, Reporting of the KEK Generation regarding the Primary Regulation, Implementation of the Agreement on ancillary services with the EMS;

**20 October 2014** – Participation in the joint meeting DH Termokos – KEK – KfW – ERO concerning the Agreement on energy supply and the realization of connections in the TPP Kosova B.

**23 October 2014** – Meeting held in the ERO with the representatives of the Customer Protection Department in the Water and Waste Regulatory Office regarding the problems;

**27 October 2014** – Meeting with the USAID’s experts concerning the Repower project;

**28 October 2014** – Participation in the workshop organized by the KfW – Wind Atlas Balkan;

**29 October 2014** – Participation in the meeting with representatives of Norwegian company Statkraft regarding the application for electricity supply;

**30 October 2014** – Participation in the “Closing conference of religious leaders”, organized by OSBE in Swiss Diamond;

**30 October 2014** – Participation in the meeting in KEK with representatives of KEK, KEDS, TERMOKOS, KfW, INTEK – ALSTOM regarding the cogeneration and the determination of the additional period for the implementation of the connection in B1 unit and the related additional costs;

**06 November 2014** – Participation in the meeting in Termokos concerning the outage of B1 for activation of the cogeneration project;

**07 November 2014** – Participation in the tender for energy supply to cover the lack of B1 due to the cogeneration project;

**11 November 2014** – Participation in the meeting in KOSTT concerning the Balancing costs;

**19 November 2014** – Participation in the meeting in KEDS with the representatives of KEDS and Led Light Technology;

**20 November 2014** – Participation in the workshop “Seminar on selected chapters of negotiations with the EU in the context of the Stabilization and Association Agreement process”;

**05 December 2014** – Participation in the meeting in KEK regarding the funding for the outage of B1 for activation of the cogeneration project;

**8 - 9 December 2014** – Participation in the Donors Forum organized by USAID/NARUC;

**09 - 12 December 2014** – Participation in the Workshop with the representatives of the PUC (Pennsylvania Public Utility Commission) from the USA, organized by NARUC and funded by USAID;

**15 December 2014** – Participation in the inauguration of starting the heating supply from the cogeneration;

**16 December 2014** – Participation in the meeting held in the ERO with KEDS, regarding the connection charging methodology with special emphasis on the determination of prices for services.

**18 – 19 December 2014** – Participation in the meeting in KOSTT on the topic: Cost of Ancillary Services & Cost of Congestions Management (with Barnett);

**29 December 2014** – Participation in the meeting of the OCGC held in KOSTT;

**30 December 2014** – Participation in the meeting with KEK held in ERO regarding some of the recent developments;

Throughout 2014, the members of the ERO staff have also held various meetings with the licensees and also with customers.

## V. ERO activities for the period January – December 2014

Energy Regulatory Office carries out its functions and duties in compliance with the applicable legislation. In this regard below we have presented some of the activities carried out by the ERO departments:

- Preparation of the Annual Report of ERO for 2013.
- Participation in the intergovernmental working group for drafting (supplements/amendments) of primary energy legislation and transposition of the III<sup>rd</sup> Package of the legislation on energy of the European Union these laws.
- Drafting the Guideline for the legal unbundling of KEDS / Distribution System Operator from KEDS / Public Supplier, and the coordination - implementation of actions related to the unbundling.
- Transfer of the License for the public electricity supplier from KEDS to KESCO, as a result of the legal unbundling implemented pursuant to the Guideline for the legal unbundling of KEDS.
- Modification of the Electricity Generation License to the Electricity and Thermal Energy Cogeneration License, for the TPP Kosova B.
- Extension of the Electricity Generation License for the TPP Kosova A.
- Issuance of two (2) final authorizations for the construction of new generators: one (1) for construction of the SHPP in the Municipality of Shtërpca, and one (1) for construction of the generator with photovoltaic panels in the Municipality of Klina.
- Issuance of three (3) Initial Authorizations for the construction of new generators: two (2) for construction of the SHPP in the Municipality of Peja and Gjilan, and one (1) for construction of the generator with wind turbines in the Municipality of Mitrovica.
- Receipt and processing of ten (10) applications for the construction of new generators of different technologies.
- Participation in the working group for decommissioning of the TPP Kosovo A
- Tens and tens of consultation meetings with potential investors for the construction of new generators, mainly from the RES.
- Review of the regular adjustments of electricity tariffs ETR8, which was initiated in the previous year. Tariff review process includes the determination of the Maximum Allowed Revenues (MAR) so the relevant licensee in the review is allowed to collect for the services provided to the customers.

- Assessment of the costs of licensees and the summary and findings in the detailed reports of assessments of the MAR of licensees within the Eighth Electricity Tariff Review ETR8 (2014) which have also been put in public consultation, then the review of applications of the licensees was presented before the ERO Board for decision-making.
- Holding workshops, where there were additional discussions and clarifications provided by the licensees, whereby the final detailed reports have been published and the Maximum Allowed Revenues (MAR) have been proposed for each licensee for the five-year period and the regular annual updates for the transmission and distribution, regulated generation and the public supplier.
- Establishment of the Electricity Retail Tariffs for the regulated customers, wherein, the documents issued and published in the website of ERO [www.ero-ks.org](http://www.ero-ks.org) have been taken into consideration regarding this, such as:
  - Assessment Report – Calculation of the Maximum Allowed Revenues of the Regulated Generator, published on 15 May 2014;
  - Final Report – Calculation of the Wholesale Electricity Cost, published on 24 June 2014;
  - Final Report – Calculations of the MAR of KOSTT J.S.C., published on 24 June 2014;
  - Final Report – Calculations of the MAR of DSO, published on 24 June 2014;
  - Responses to comments of KEDS - Calculation of the Maximum Allowed Revenues, published on 24 June 2014.
  - Final Report – Calculation of the Maximum Allowed Revenues of the Public Electricity Supplier (PES), published on 24 June 2014.
  - Consultation Paper – Extraordinary Electricity Tariff Review within the ETR8 - Assessment of impact on Maximum Allowed Revenues and Tariff Review, published on 13 August 2014.
  - Extraordinary Electricity Tariff Review within the ETR8 – Responses to comments, published on 29 August 2014.
- Determination of the Maximum Allowed Revenues (MAR), as a result of the above assessments and reports published and consulted by the stakeholders. The proposals have been submitted to the board for decision-making for the following:
  - Approval of the Maximum Allowed Revenues (MAR) and tariffs which will be collected by the electricity retail tariffs for the regulated customers and will be applied by the Public Supplier;
  - Approval of the Maximum Allowed Revenues (MAR) and tariffs to be covered by the Transmission System Operator and Market Operator KOSTT J.S.C.;
  - Approval of the Maximum Allowed Revenues (MAR) and tariffs to be covered by the Distribution System Operator (DSO);
  - Approval of the Maximum Allowed Revenues (MAR) and charges to be covered by the licensed operator of the Thermal Power Plant Kosova A and the licensed operator of the Thermal Power Plant Kosova B (Regulated Generators).

- Extraordinary review in order to provide a stable functioning of the electricity sector as a result of the explosion which occurred in both blocks of TPP Kosova A;
- The public consultations regarding the level (price) of the feed-in tariffs for the solar (photovoltaic) energy have been held;
- Through the Consultation Paper, ERO presented the methodology of determining the feed-in tariffs and the ERO's assessments regarding the feed-in tariff for the solar energy;
- Creation of the document for the RES – photovoltaic and the supplementation / amendment of the ERO rules on the RES – Rule on Support Scheme and Rule on Certificate of Origin for the Tariff Structure;
- The monitoring of developments about the agreement between KOSTT and EMS and the opening of the market – such as balancing, ancillary services and the calculation of costs which may derive from these activities, have been made. The Working Group on evaluation of applications for authorization for the construction of new generation capacities has evaluated all the applications submitted by the parties during 2014, which applications then passed to the Board for decision-making.
- Commenting and preparation for approval of many documents of KOSTT, KEK and KEDS, such as: Development Plans, Adequacy, Annual and Long-term Balance, Agreements of KOSTT with the EMS.
- Amendments have also been made to some of the documents of licensees such as the Connection Charging Methodology of KOSTT, Technical codes, derogations etc.,;
- Review, commenting and evaluation of documents and procedures compiled by the DH companies submitted to ERO for approval, such as: Customer complaints review procedure DH Termokos; Agreement on thermal energy supply between KEK and Termokos and the Methodology for determining the thermal energy from cogeneration;
- Determination of the district heating tariffs for the DH Termokos and DH Gjakova, and drafting of respective reports;
- Monitoring of the implementation of investments related to the cogeneration project;
- Reviewing and providing the relevant inputs for the Identification Study of the Fuel Replacement project DH Gjakova;
- Commitments concerning the customer protection by reviewing and solving 217 customer complaints and disputes between the licensees. Responses in writing of 25 customer complaints, by informing and instructing them regarding their complaints, direct talks with the parties by informing them with their rights related to the energy sector have also been conducted.

- Analyzing and commenting the design of the Electricity Bill which will be generated by hand equipment in the entire territory of the Republic of Kosovo.
- Compilation of 22 responses of ERO for the Basic Court in Prishtina regarding the claims of KEK and customers against ERO, and the engagement in some court sessions in the Basic Court in Prishtina.
- Completing questionnaires which came from the ECRB: for customers, retail market etc...
- Participation in the working group / Commission on evaluation of applications for authorization of the construction of generation capacities by the RES;
- Commenting on the Manual on Reporting for the Energy Sector in Kosovo;
- During 2014, all the ERO departments have monitored the energy companies in accordance with the ERO Monitoring Program, wherein, after collecting the required information, they have prepared periodic reports on monitoring.

## **VI. Communication with media**

- ERO staff has been constantly involved in activities related to informing the public and media.
- In addition to the publication of materials and decisions of the Board on ERO's website, the ERO professional staff continuously answered to the journalists' questions which were sent via email and during this year it has also given tens of interviews to different radios and televisions in Kosovo. Notifications and press releases have also been continuously sent in order to notify regarding the ERO activities.

## VII. ERO planned activities for the period January – June 2015

ERO planned activities for the period January – June 2015 are as follows:

- Evaluation of applications for licensing the activities in the energy sector.
- Evaluation of applications for authorization on construction of new capacities.
- Further participation in the finalization of Primary energy laws as a result of the obligations arising from the III<sup>rd</sup> package of energy legislation of the European Union.
- Harmonization of the Secondary energy legislation, as a result of the amendment of the Primary energy laws.
- Analyzing, commenting and evaluation of the relevant documents (Codes, Rules, Procedures, etc.) submitted by the licensees for approval by the ERO Board.
- Commenting the important documents of KOSTT, KEK and KEDS such as: Development Plans, Annual and Long-term Balance, methodologies and procedures which will be developed during the year etc.
- Future tariff review – Annual adjustments of the revenues and tariffs of the Electricity;
- Continuous monitoring of energy companies: generation, transmission, distribution of electricity and district heating, consumption, export, import, transit, and losses of electricity, as well as monitoring of the energy companies in the field of consumer protection and for the operational and capital expenditures.
- Support to the Study for the allocation of the costs of services and the amendment of the secondary legislation on tariffs;
- Participation in the working groups organized by the Energy Community Secretariat within the ECRB EWG and the participation in the working groups organized for the developments on the opening of the market;
- Completing different questionnaires covering the energy sector;
- Regular monitoring of the financial and technical performance of the district heating companies, as well as monitoring of the fulfillment of terms of licenses and requirements deriving from the rules issued by ERO;
- Completing the regulatory framework on district heating tariffs – drafting and finalizing for approval: Rule on determining the district heating price; and the District heating tariffs methodology ;
- Review / determination of the district heating tariffs, including: analyzing and commenting the tariff application, drafting relevant reports and decisions for the determination / approval of the Allowed revenues and tariffs;
- Reviewing and commenting the documents compiled by the licensees (DH companies), and their finalization for approval by the ERO Board;



- Follow up on the completion of the cogeneration project – implementation of the connection in B2 unit of TPP Kosova B;
- Follow up on the development of project: Fuel replacement in the DH Gjakova – Reviewing and commenting the Feasibility Study and other documents related to the project;
- Customer protection by reviewing and solving the customer complaints and the disputes between the licensees.
- Engagement in hosting parties in direct talks regarding the notification with their rights to the energy sector.
- Active participation in the mechanisms of SEE ECT on the matters related to customer protection – Working Group on customers of ECRB, and other relevant activities; Analyzing, commenting and preparation of documents related to customers protection such as questionnaires, reports and other relevant documents;
- Preparation of the Annual Report on the energy sector for 2014.
- Regular monitoring of electricity and district heating companies – collecting and monitoring the relevant data and information and drafting the relevant monitoring reports;