



Prishtina, 30 December 2010

From: Dr. Ali Hamiti, Chairman of the ERO Board

To: Mr. Fadil Ismajli, Managing Director, KOSTT JSC

Copy: Mrs. Justina Pula-Shiroka, Minister of Energy and Mining

Mr. Ismet Krasniqi, Secretary of the Assembly of Kosova

Mrs. Resmije Ahma, Director for Tariffs and Regulatory Affairs, KOSTT JSC

Subject: Fifth Electricity Tariff Review (ETR5)

Dear,

We are writing to inform you about ERO's plan to carry out the Fifth Electricity Tariff Review (ETR5), for new tariffs and charges to take effect from 1 April 2011.

As you are aware, new laws on the energy sector have entered into force on 1 December 2010 and secondary legislation with regard to the implementation of those laws must be completed within nine months. During this period, ERO will identify changes that are required in the secondary legislation as a result of changes in the laws, including legislation governing tariff regulation. This ETR5 will therefore be conducted under the existing secondary legislation.

The provisional timetable for ETR5 is as follows:

- 6 January 2011: ERO sends Tariff Application Forms.
- 28 January 2011: Licensees submit Tariff Applications.
- 18 February 2011: Publication of Tariff Applications and ERO's assessment of these, as well as ERO's Proposals on regulated tariffs and charges.
- 4 March 2011: Deadline for submission of comments by stakeholders on ERO's assessments.
- 16 March 2011: Publication of ERO's response on stakeholders' comments.
- 23 March 2011: ERO decision on new tariffs and charges.

Application guidance

Your application should take into account the following guidelines:

- The energy balance submitted as part of the tariff applications should conform to that approved by MEM for the coming year. Any deviations from this approved balance must be fully justified.



- ERO will publish the tariff applications received from licensees alongside its assessment of these. Licensees should, therefore, identify any parts of their application which are considered to be confidential.

Please feel free to contact us for any additional information.

Yours sincerely,

Dr. Ali Hamiti

Chairman of the ERO Board