



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

**Energy Regulatory Office**

**Transmission Charging Principles**

2012



Part I - General Provisions	4
Article 1	4
Introduction	4
Article 2	4
Scope and Purposes	4
Article 3	4
Definitions and Interpretation	4
Part II – Common Principles	6
Article 4	6
Non-discrimination and Cost Reflectivity	6
Article 5	6
Simplicity and Transparency	6
Part III – Transmission Charging Methodology	7
Article 6	7
Transmission Charging Methodology: Minimum requirements	7
Article 7	7
Basis of Charging	7
Article 8	8
Sharing of Transmission Charges	8
Article 9	8
Setting of Charges for TUOS	8
Article 10	9
Offer of Terms for Use of System Services	9
Part IV – Connection to System	10
Article 11	10
Charging Methodology: Minimum Requirements	10
Article 12	11
Connection of Generation	11
Article 13	11
Load Connections	11
Article 14	12
Setting of Charges for Connection	12
Article 15	12
Offer of Terms for Connection	12
Part V - tTRANSITIONAL AND FINAL PROVISIONS	13
Article 16	13
Official Language	13
These Principles are issued in the Albanian language and shall be translated into Serbian and English languages. In the event of discrepancies between versions, the Albanian version shall prevail.	13
Article 17	13
Changes	13



ERO retains the right to change or modify any provision of these Principles following a public consultation review process.	13
Article 18	13
Interpretation	13
If there is uncertainty about the provisions of these Principles, the Board will issue clarification.	13



## **PART I - GENERAL PROVISIONS**

### **Article 1**

#### **Introduction**

These Transmission Charging Principles (the “Principles”) are issued by the Regulator pursuant to the authority given under Article 14 of the Law on the Energy Regulator No. 03/L-185 to the Board of the Regulator to approve tariff methodologies developed by the Transmission System Operator and Market Operator for the charges levied in connection with their regulated energy services..

### **Article 2**

#### **Scope and Purposes**

- 1 These Principles set out:
  - a) the principles on which the TSO and MO should develop their proposals for charging for Transmission Services (the “Transmission Charging Methodology”), and
  - b) the principles on which the TSO should develop its proposals charging for connection to the Transmission System (the “Transmission Connection Charging Methodology”)

which will be submitted to the Regulator for approval. The Board of the Regulator will expect that the proposed Methodologies comply with these Principles. Where they do not, the Board of the Regulator will expect full and detailed justification of the deviation to be provided for it to be able to determine whether to approve the proposed Methodologies.

- 2 These Principles should be read in conjunction with the General Conditions of Energy Supply, Chapter III, and in conjunction with the Transmission Pricing Rule.

### **Article 3**

#### **Definitions and Interpretation**

- 1 The terms in these Principles have the meanings specified in the Law on the Energy Regulator, in the Law on Energy, in the Law on Electricity, in the TSO Pricing Rule or in the General Conditions of Supply.
  - 1.1 “applicant” means a natural or legal person who requests the TSO to provide a new or modified connection to the Transmission System;
  - 1.2 “deep” in relation to a connection means that the applicant will provide at his own cost or



pay the direct costs of the assets required to connect to the nearest suitable point of connection on the existing Transmission System plus any indirect costs arising from works associated with the reinforcement, extension or reconfiguration of the existing network and which have arisen as a direct consequence of making the connection;

- 1.3 “effective capacity” means the total capacity at any point in the network which is available for use by users without breaching technical limits of network operation. It may be classified by reference to any relevant technical criteria or applicable standards including, but not limited to, current carrying capacity, short-circuit capacity, voltage limits or stability limits;
- 1.4 “shallow” in relation to a connection means that the applicant will provide at his own cost or pay the direct costs arising from the provision of the new connection to the nearest suitable point on the existing Transmission System
- 1.5 “User” has the same meaning as in the Grid Code.



## **PART II – COMMON PRINCIPLES**

### **Article 4**

#### **Non-discrimination and Cost Reflectivity**

1 In developing the Charging Methodologies referred to in Article 2 above, the TSO should charge or offer to charge prices to any person for connection or use of system services that:

- a) do not materially differ from those charged or offered to any other person making a request for a comparable service; and
- b) reasonably reflect the contribution made by such person to the overall costs of providing the service requested.

2 In considering whether to approve the TSO's Charging Methodologies, the Regulator will regard as cost-reflective those charges that are set so as to recover in respect of any class of users the total costs, including the costs of investments, that the TSO has demonstrated as being reasonably attributed to that class.

### **Article 5**

#### **Simplicity and Transparency**

1 Charges should be as simple, transparent and predictable as possible, whilst reflecting the need to optimise the use of the network and to reflect costs incurred on behalf of the system and for specific users and should avoid as far as practicable the risk of distorted investment decisions.

2 Charges should take account of forthcoming developments in the structure of the power sector and permit more sophisticated arrangements to be introduced as the market develops.



## PART III – TRANSMISSION CHARGING METHODOLOGY

### Article 6

#### Transmission Charging Methodology: Minimum requirements

- 1 The Charging Methodology should enable users of the system to make a reasonable estimate of applicable charges for Transmission System, System Operator and Market Operator Services and should include as appropriate,
  - a) the basis on which charges will be calculated for different user classes, tariff classes or voltage classes for each type of service;
  - b) the basis on which any separate charges for capacity on Transmission circuits on the Transmission System will be made;
  - c) a schedule of any charges that may be made for the provision and installation of any meters, including check meters, or any electrical plant at entry or exit points which is ancillary to and necessary for the grant of use of system, and for the maintenance of such meters or plant;
  - d) the criteria on which any decision by the TSO to refuse access to the system shall be made, which criteria shall be objective and technically and economically justified.

### Article 7

#### Basis of Charging

- 1 In determining an appropriate basis for charging users for use of system in terms of Article 6.1 a), the TSO should take into account the long term costs of maintaining a safe, secure and reliable system so as to enhance the predictability and stability and cost-reflectivity of prices in the long term.
- 2 In developing its Use of System Charging Methodology the TSO should take into account the long-term, marginal, avoided network costs arising from demand-side management measures.<sup>1</sup>

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<sup>1</sup> Second package, preamble paragraph 18



## Article 8

### Sharing of Transmission Charges

- 1 The TSO should recover its TUOS charges by a weighting of 0% to generation and 100% to demand.
- 2 The TSO should recover its Market Operator and System Operator Service charges by a weighting of 50% to generation and 50% to demand.
- 3 Charges should be set so as to differentiate the costs of providing and maintaining the Transmission System available at different voltage levels.

## Article 9

### Setting of Charges for TUOS

- 1 To the extent that such costs are reasonably attributable to a user (or in the case of average charges, to a class of users), use of system charges may be set to recover:
  - a) the capital and running cost of maintaining a safe, secure and reliable system in line with nationally applicable standards<sup>2</sup> available for the transport of electricity from the user's point of entry to the user's point of exit, to the extent that those costs are not recovered through any other charge;
  - b) the costs of maintaining voltage and frequency within nationally applicable limits as detailed in the Grid Code;
  - c) the cost of Transmission losses in the form of additional supplies required to cover those Transmission losses;
  - d) the cost of the provision, installation and maintenance of any relevant metering, to the extent that those costs are not recovered through any other charge; and
  - e) any other cost which the Regulator may from time to time approve as recoverable through use of system charges as defined in the TSO Pricing Rule.
- 2 Users should not be expected to pay for the capital, operating or maintenance costs of assets at voltage levels which they do not use. For example, users connected to the system at higher Transmission voltages should not be required to pay for the provision and maintenance of the system

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<sup>2</sup> Terminology used rather than "as approved by ERO" to allow immediate transposition of any standards arising through EnCT or, in case of transmission, ENTSO-E





at voltages below their connection voltage. For the avoidance of doubt, network assets in this context do not include assets that are the subject of a connection agreement.

## **Article 10**

### **Offer of Terms for Use of System Services**

1 On application made by any person, the TSO should offer to enter into an agreement for the provision of use of system services.

2 The offer in paragraph 1 should be made no later than [28] days from receipt of the application.

3 The offer to make available use of system services should specify the points of entry into the system, points of exit from the system and the quantities requiring to be transported, all other services as may be requested in the application, and should specify the prices to be paid for such services.

4 Any agreement or offer made by the TSO should be in compliance with the Laws of Kosovo, the Grid Code, his Licence or any other Rule issued by the Regulator.



## PART IV – CONNECTION TO SYSTEM

### Article 11

#### Charging Methodology: Minimum Requirements

- 1 The Charging Methodology should be prepared in such a way as will enable users of the system to make a reasonable estimate of the applicable connection charges.
- 2 The Charging Methodology should include,
  - a) a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or plants or meters) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the Transmission system for which connection charges may be payable and where practicable including indicative charges against each item specified in the schedule or (where this is not practicable) the basis on which such charges will be calculated;
  - b) the basis on which charges will be calculated in respect of extension or reinforcement of the transmission system which the TSO reasonably believes to be necessary to provide a connection to an applicant without jeopardizing the stability or security of the system;
  - c) the basis on which charges will be calculated where the provision of electric lines or plant to be installed are of greater capacity than required for the needs of the applicant;
  - d) the basis on which charges for the maintenance and repair of electric lines, plant or meters installed for the purposes of giving a connection will be calculated;
  - e) the basis on which charges will be calculated in respect of de-energisation of a user's connection, disconnection from the TSO's Transmission system and the removal of electric lines, plant and meters following disconnection.
- 3 For the avoidance of doubt, where assets have been paid for by customer contributions towards the cost of connection, the value of those assets will be added to the licensee's regulatory asset base but the amount of the customer contributions will be deducted from the licensee's allowed revenues.
- 4 The Methodology should include a list of the information that will be required of applicants requesting connection to the Transmission System, including any sample forms which applicants will be required to complete. In the case of complex connections the TSO may request additional information from the applicant.



5 The approved Methodology should be published, prior to its coming into force, on the TSO's website made freely downloadable to prospective applicants and should make a paper copy available at no cost to any applicant who does not have access to electronic media.

## **Article 12**

### **Connection of Generation**

Applicants for the connection of new generation, or increases in the connection capacity for existing generation, should pay deep connection charges set so as to recover the direct costs of the provision of the connection to the nearest suitable point on the Transmission System, including any metering and step-up transformers necessary to enable the connection together with the cost of any reinforcement or reconfiguration of the system that may result from the connection upstream of the point of connection.

## **Article 13**

### **Load Connections**

The TSO's charges for connection should be set on the basis of

- a) deep connection cost recovery, where:
  - i. a new load or an increase in load exceeds 3% of the existing effective capacity at the point on connection on the Transmission network, and
  - ii. the connection is not foreseen in the Transmission Development Plan, and
  - iii. the indirect costs of works associated with the reinforcement, extension or reconfiguration of the existing network and which have arisen as a direct consequence of making the connection exceeds ten times the expected TUOS revenue from the relevant connected load, or
- b) shallow connection cost recovery, where:
  - i. a new load or an increase in load does not exceed 3% of the existing effective capacity at the point on connection on the Transmission network, or
  - ii. the connection is foreseen in the Transmission Development Plan, or
  - iii. the indirect costs of works associated with the reinforcement, extension or reconfiguration of the existing network and which have arisen as a direct consequence of making the connection does not exceed ten times the expected TUOS revenue from the relevant connected load.



## **Article 14**

### **Setting of Charges for Connection**

- 1 The TSO submits its Connection Charging Methodology to the Regulator for approval in line with Chapter V of the Pricing Rule and these Charging Principles.
- 2 Charges shall not become effective until approved by the Regulator. The Regulator shall approve charges or give reasons for not approving them within 60 days of the date of submission of such charges to the Regulator.

## **Article 15**

### **Offer of Terms for Connection**

- 1 Where the TSO has received a formal connection application containing all information required under the approved Charging Methodology, it should provide a formal offer to connect the applicant within the time periods specified in Article 9.7 of the General Conditions of Supply.
- 2 The formal offer should contain the date by which the connection works will be completed.
- 3 Where the TSO and the applicant so agree, the formal offer may include terms for the payment of interest for failure of either party to complete its part of any necessary works or to provide any necessary consents and which leads to delays and costs for the other party.
- 4 Any agreement or offer made by the TSO should be in compliance with the Laws of Kosovo, the Transmission Code, his Licence or any other Rule issued by the Regulator.



## **PART V - TRANSITIONAL AND FINAL PROVISIONS**

### **Article 16**

#### **Official Language**

These Principles are issued in the Albanian language and shall be translated into Serbian and English languages. In the event of discrepancies between versions, the Albanian version shall prevail.

### **Article 17**

#### **Changes**

ERO retains the right to change or modify any provision of these Principles following a public consultation review process.

### **Article 18**

#### **Interpretation**

If there is uncertainty about the provisions of these Principles, the Board will issue clarification.

#### **Board of ERO:**

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**Enver Halimi, Chairman**

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**Përparim Kabashi, member**

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**Blerim Koci, member**

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**Merita Kostari, member**

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**Krenar Bujupi, member**