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Proposed ERO revised Tariffs

Reduced Revenues

This section provides the calculation of the maximum allowed revenues that are recovered by KOSTT with the allowed charges. This conforms to the allowed revenues previously approved by ERO for 2007, of €13,670,000, adjusted to take account of actual underspends as set out in KOSTT's letter to ERO dated 10th May 2007. These underspends are as follows:

- Reduction in personnel costs:
€150,000
- Reduction in maintenance costs:
€120,000
- Reduction in costs of purchase of ancillary services:
€210,000

The resulting total reduction in allowed revenues for 2007 would, therefore, be €480,000 and the resulting allowed revenues to be recovered from TUOS Charges in 2007 would be €13,190,000.

KOSTT's revenues (excluding the costs of ancillary services, purchases of energy to cover transmission losses and the costs of the market operator) are smoothed over a three-year period under a revenue-cap mechanism. In preparing these proposed amended TUOS (Transmission Use of System) Charges, KOSTT has assumed that the full underspend is recovered in 2007. It has therefore been necessary to recalculate the within-period adjustment (the X-factor) used to determine annual changes in allowed revenues in order to ensure that KOSTT does not over or under-recover allowed revenues over the three-year period from 2007 to 2009.

Tariff for KOSTT J.S Proposed from ERO

According to the tariff application guidelines this section is intended to provide an explanation on how the existing regulated tariffs are updated to conform to the maximum allowed revenues of the coming year as calculated in the revenue requirements.

Table 1 shows how the proposed amended tariffs compare to those originally approved by ERO for 2007.

Table 1 – TUOS charges compared

Infrastructure Charges		Original	Amended (as proposed)	Change%
Allowed revenue allocated to 20/400 kV infrastructure	000 euro	2,773	2,690	-2.99
Allowed revenue allocated to 110 kV infrastructure	000 euro	3,308	3,209	-2.99
Total chargeable demand for 220/400 kV charge	MW	37	37	0.00
Total chargeable demand for 110 kV charge	MW	852	852	0.00
Infrastructure charge				
- 220/400 kV*	Euro/kW/yr	3.119	3.025	-3.01
- 110 kV*	Euro/kW/yr	7.001	6.792	-2.99
SO charge				
Allowed revenue allocated to SO	000 euro	1,492	1,447	-3.02
Ancillary Services	000 euro	1,385	1,175	-15.16
Losses (includes transit losses)	000 euro	4,606	4,555	-1.11
Total SO charge revenue	000 euro	7,482	7,177	-4.08
Chargeable demand for SO (& MO) charge	GWh	8,581	8,455	-1.47
SO charge*	Euro/MWh	0.872	0.849	-2.64
MO charge				
MO revenue	000 euro	115	115	0.00
MO charge*	Euro/MWh	0.013	0.014	7.69
Total revenue requirements for KOSTT	000 euro	13,678	13,190	-3.57

**Shaded rows representing the revised transmission tariffs*