



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

# **RULE ON LICENSING OF ENERGY ACTIVITIES IN KOSOVO**

**Prishtinë, 29 August 2011**



Energy Regulatory Office Board, pursuant to the authority given under Article 8, paragraph 1, sub-paragraph 1.6, Article 14, paragraph 2, sub-paragraph 2.16, Article 25 and 36 on the Law on Regulatory Energy No. 03/L-185, at the session held on 29.08.2011 approved the following:

## **RULE ON LICENSING OF ENERGY ACTIVITIES IN KOSOVO**

### **CHAPTER I GENERAL PROVISIONS**

#### **Article 1 Purpose**

The purpose of this Rule is to determine terms and conditions on licensing the enterprises carrying out activities in the energy sector, procedures on issuance, modification, transfer, suspension, withdrawal of license, as well as the rights and obligations to be included in the license.

#### **Article 2 Scope**

1. Purpose of this Rule is to promote development in the energy sector through:
  - 1.1. transparent, open and non-discriminatory performance of energy activities;
  - 1.2. regulation of the energy market in such a manner as to ensure transparent and fair relations between all participants;
  - 1.3. determination and provision of the prompt, efficient and economical proceeding on all issues related to license issuance;
  - 1.4. the creation and maintenance of competitive markets and the prevention and punishment of any predatory or anti-competitive conduct;
  - 1.5. creation of conditions for efficient, cost-effective and safe use of electricity and heat;
  - 1.6. adequately balancing interests between customers and energy enterprises;
  - 1.7. protection of human health, safety and the environment.
2. Energy Regulatory Office (ERO) by developing the rights, obligations and conditions of the License, obliges and incentives the energy enterprises to operate in the manner to achieve all objectives as prescribed in License.
3. To meet its obligations as set forth in the paragraph 1 of this Article, ERO has the authority and powers to:
  - 3.1. grant, modify, suspend, transfer, and withdraw licenses;



3.2. supervise and control compliance with license conditions;

3.3 monitor the unbundling of the legal form, organizational, decision and the account unbundling of energy enterprises;

3.4. revise, approve, and control compliance with all codes including the grid code, the distribution code, the consumer protection code, the electrical equipment code, electricity standards code and the metering code, market rules and other technical and commercial codes;

3.5. grant its consent for the separation, termination, or reduction in initial capital of energy enterprises that hold licenses.

### Article 3 Definitions

1. Terms used in this Rule shall have the following meaning:

1.1. **“Applicant”** – natural or legal person applying for a license of energy activity in accordance with conditions of this Rule.

1.2. **“ERO”**- Energy Regulatory Office;

1.3. **“Energy Activities”** – performance of one or more generation, transmission, distribution, supply, import/export and transit energy activities;

1.4. **“License”** - a document issued by Energy Regulatory Office, enabling the holder of a license to perform activities in the energy sector which need a license in accordance with provisions of Laws in relation to energy sector; and

1.5 **“Central heating”** means heating of the areas and preparation of warm sanitary water from the sources of thermo heating centers.

2. Terms used in this Rule shall have the same meanings as the terms used in the Law on Energy Regulator, Law on Energy, Law on Electricity, Law on District Heating and Law on Natural Gas.

### Article 4 Licensed activities

1. Pursuant to Article 27, paragraph 2 of the Law on Energy Regulatory, license is required to perform the following energy activities:

1.1. the generation of electricity;

1.2. the generation of heat;

1.3. the co-generation of electricity and heat;

1.4. the transmission of electricity, including transmission system operation;

1.5. the transmission of natural gas;



- 1.6. the distribution of electricity, including distribution system operation;
  - 1.7. the public supply of electricity;
  - 1.8. the distribution of district heating, or natural gas;
  - 1.9. the storage of natural gas;
  - 1.10. the supply of electricity, heat, or natural gas; including transit, import or export of electricity or natural gas;
  - 1.11. the operation of market for electricity or natural gas;
  - 1.12. the transit, import or export of electricity or natural gas;
2. No legal or natural person may perform the energy activities, set forth under paragraph 1 of this Law, unless ERO has issued a license to authorize such an activity.
  3. Licensing of energy activities shall be based on criteria that are non-discriminatory, public and transparent.
  4. Energy activities that require no License:
    - 4.1 the generation of electricity at an electricity site with total capacity not exceeding 5 MW;
    - 4.2 heat generation by heating plants for self-consumption or with capacity not exceeding 1 MW;
    - 4.3 the generation of electricity for self-consumption, where neither the generation facility nor the consumers of the electricity are connected to the transmission system or the distribution system;
    - 4.4 storage of natural gas where the total storage capacity is less than ten thousand (10,000) cubic meters.
  5. Not all activities in respect of supply, transfer, distribution, storage, import, export and operation of natural gas market, are covered by this Rule.

## **CHAPTER II PROCEDURES FOR ISSUING LICENSES**

### Article 5 **Authority of ERO**

1. ERO has the authority to review all applications for a license and ensure that such applications shall be reviewed in a manner that is objective, transparent and non-discriminatory.
2. ERO has the authority to monitor and supervise licensed activities and to require a licensee to report on the performance of these activities. Reporting shall be done according to ERO guidance.



Article 6  
**Application for a license**

1. Application for a license, modification, transfer, and extension of a license shall be done in writing and in the form specified by ERO.
2. The applicant shall submit an application in a hard and in a soft copy to ERO, in one of the official languages in Kosovo.
3. In case a document/evidence has been issued in another language, the Applicant has to submit the translated document in one of the official languages of the Republic of Kosovo and verified by a notary.
4. All applicants for a license, modification, transfer of a license, etc., shall pay the administrative taxes for the review of the application pursuant to Rule on Taxation.
5. An applicant shall bring with the copy of a receipt of taxation effected within a period of thirty (30) calendar days, following the submission of the application for a license.
6. The taxes effected by the applicant for the review of application shall not be reimbursed, even in such cases when an application is refused.

Article 7  
**Procedures for reviewing applications**

1. The procedures set forth under this Rule shall be valid for all applicants applying for a license, including the applications for modification, extension, transfer and withdraw of license.
2. ERO shall review the applications together with the attached evidences, and shall inform the applicant in relation to a decision made by it, within a period of time set forth under Article 11 of this Rule.
3. If the application submitted is considered incomplete, ERO shall require from the applicant to provide necessary additional information for the completion of application, which are required pursuant to applicable rules within a period of time specified.
4. In case the application and additional documents are not in accordance with the criteria set forth in this Rule, ERO shall require from the applicant to correct his/her application in handwriting within a period of time specified by it. The period for reviewing of the application shall start as of the date when ERO has deemed the application complete.
5. In case the applicant has not corrected his/her application, or has not submitted the evidences missing within a period of time specified, ERO shall decide on the application, based on the existing documents and on information provided, and shall inform the applicant in writing. ERO may refuse to grant a license without a preliminary notice due to the failure to submit indispensable information.



## **Article 8**

### **Publication of a notice for application**

1. Upon ERO determination that the application for a license is complete, ERO shall instruct the applicant applying for a license to publish a notice in two (2) daily newspapers of wide circulation in Kosovo, which will describe:
  - 1.1 A brief summary of the license application; and
  - 1.2. An instruction for the interested parties who can express their interest with ERO to object such a project within eight (8) working days, from the date when the announcement was announced.
2. If ERO has received an objection for an application, it shall present a copy of it to the applicant and shall post it on the official electronic website of ERO.
3. The Applicant and/or ERO shall not reveal any information, which is deemed confidential, in accordance with the Rule on Confidential Information.

## **CHAPTER III**

### **GENERAL AND SPECIFIC APPLICATION REQUIREMENTS**

#### Article 9

#### **General requirements**

1. When applying for a license, each applicant shall submit the following documents to ERO:
  - 1.1 certificate of the applicant's registration as a Business Organization issued by the agency authorized to register business organizations;
  - 1.2 applicant's business plan that covers at least three (3) years;
  - 1.3 applicant's annual financial statements for the last three (3) years. These annual financial statement of the applicant are subject to independent financial auditing. The applicant shall submit the auditor's report separated from financial statement, whilst the newly established enterprise shall submit the financial statement and information in relation to the experience of partners and his/her stakeholders, if any, for the performance of energy related activities;
  - 1.4 a certificate from a financial institution or institutions confirming the availability of funds for the energy activity (e.g. bank guarantee of applicant or a parent company in a case of subsidy, or similar evidence of the availability of funds sufficient to finance the activity for which a license is being requested);
  - 1.5 a verified copy of the registration of the shares or real equity participation of any shareholders or partners of the applicant (e.g. articles of association, decision of the court, a verified copy of the book of shareholders, enterprise statute, etc.);



- 1.6 a certificate from a competent body that the applicant meets legal obligations in relation to the payment of the taxes at the place of its registration as a legal person;
  - 1.7 a certificate issued by the competent body certifying that the applicant is not subject to a procedure for insolvency or liquidation, that his/her business is not administered by the court and his/her commercial activities are not suspended;
  - 1.8 details of the applicant's experience in performing such energy activities in the form of Curriculum Vitae ("CV") of the enterprise;
  - 1.9 information regarding the management and the organizational structure (management and professional personnel) of the applicant;
  - 1.10 CVs of the applicant's management staff and a list of the other senior staff together with their qualifications; and
  - 1.11 receipt of the payment of the relevant application for licensing (in accordance with Article 6.5 of this Rule).
2. The applicant shall submit a signed statement certifying that it complies with legal requirements set forth under Laws applicable in Kosovo and any record of prior violations in Kosovo or elsewhere regarding:
- 2.1. safe and secure working conditions;
  - 2.2. technical requirements concerning the operation of electricity/heat power plants and systems; and
  - 2.3. environmental protection.

#### **Article 10** **Applicant's statement**

1. In addition to the documents listed in the Article 9 of this Rule, the applicant shall submit to ERO a written statement that:
  - 1.1. managers of the applicant have not been convicted or are not persecuted for criminal acts;
  - 1.2. applicant's license for the same activity has not been withdrawn within five (5) years of the date that the application is submitted;
  - 1.3. all required approvals for environmental protection or other approvals specified under different applicable Laws are available; and
  - 1.4. applicant understands and is aware of his obligations to comply with all applicable energy legislation, rules issued by ERO, technical and commercial codes and other applicable legislation;



## Article 11

### **Specific requirements for the generation license**

1. An applicant applying for a license for the generation of electricity, generation of heat or co-generation of electricity and heat, in addition to the requirements under Article 9 and 10 of this Rule, shall also submit to ERO the following documents/evidences:

- 1.1. data on the type and technical specifications of energy facility and site including a list of the main and auxiliary facilities of the energy facility whereabouts;
- 1.2. evidence on availability of fuel and/ or preliminary or final contract for fuel supply;
- 1.3. agreement for internet connection;
- 1.4. environmental permit issued by a competent institution;
- 1.5. a plan for decommissioning of facility;
- 1.6. a plan for rehabilitation of facility (where applicable);
- 1.7. evidence of the property rights accompanied by sketches and maps of the relevant property and facility;
- 1.8. any eventual contract for the sale of energy in final where available, or also in a draft form;
- 1.9. thermal efficiency declaration;
- 1.10. permit for water utilization (where applicable);
- 1.11. estimated cost of energy generated over the lifetime of a new generation facility or residual life of a rehabilitated plant; and
- 1.12. a plan of depreciation of the generating plants.

## Article 12

### **Specific requirements of license for transmission system operators**

1. An applicant applying for a license for transmission system operator in addition to requirements under Article 9 and 10 of this Rule shall also submit to ERO the following documents/ evidences:

- 1.1. description of all relevant transmission system characteristics for transmission of energy and information on ownership rights to use elements of system;
- 1.2. system development plan as set forth in Article 12, paragraph 1, subparagraph 1.20 of the Law on Electricity, and Article 7 of the Law on Energy, including the influence of system development to the tariffs approved by ERO.



1.3. information about the cross border capacities;

1.4. demonstration of capability and availability of necessary hardware and software systems for electrical power system load flow calculation, for managing production of power plant dispatch, ancillary services, short circuits and dynamic stability balancing market and for congestion management, where applicable and statement of procurement or provision of above systems;

1.5. specification and technical characteristics of metering devices at electricity receipt points; and

1.6. statement that applicant will meet all of his obligation to develop under a license and will implement and develop all technical codes as set forth under Law on Electricity;

#### Article 13

##### **Specific requirements of the Market Operator License**

1. An applicant applying for a license as Market Operator of electricity, in addition to requirements under Article 9 and 10 of this Rule shall also submit to ERO the following documents/evidences:

1.1. demonstration of capability and availability of necessary hardware and software systems for communication with all metering points, with all market participants including OST; and

1.2. statement of the applicant's awareness of his obligations to develop and implement Market Rules.

#### Article 14

##### **Specific requirements of license for a distribution system operator**

1. An applicant applying for a license for the distribution of electricity and heat, in addition to requirements under Article 9 and 10 of this Rule shall also submit to ERO the following documents/evidences:

1.1. description of relevant distribution system characteristics and territory for distribution of electricity and heat;

1.2. information on ownership or legal right to use the elements of the system;

1.3. system development plan as set forth in Article 16, paragraph 1, sub-paragraph 1.13 of the Law on Electricity, Article 7 of the Law on Energy, and Article 15, paragraph 3, sub-paragraph 3.2 of the Law on District heating;

1.4. information on the numbers and structure of connected customers and of potential customers;



1.5. demonstration of capability and availability of necessary hardware and software systems for electricity system load flow calculation, short circuits and a statement of procurement or provision of above systems;

1.6. indicators measuring the quality of supply with energy (duration, frequency, number of interruptions, minutes lost expressed per customer, etc) and system operation services (general information, meter reading agreements, time of connection, failure, restoration of energy system after failures, etc);

1.7. specification and technical characteristics of metering devices of distribution system; and

1.8. transmission system connection agreement.

#### Article 15

##### **Specific requirements for a public supply license**

1. An applicant applying for a public supply license with electricity or heat, in addition to requirements under Article 9 and 10 of this Rule, shall also submit to ERO the following documents/evidences:
  - 1.1. a report on the performance standards for supplying customers, including customer complaints, response time for customer letters, billing frequency, call centre respond minutes, average waiting time in customer information centers, etc; and
  - 1.2. data on the material resources owned by the applicant, including data on the information systems and the available software for performing the activity.

#### Article 16

##### **Specific requirements for a supply license**

1. An applicant applying for a supply license with electricity or heat, in addition to requirements under Article 9 and 10 of this Rule, shall also submit to ERO the following documents/evidences:
  - 1.1. data on the material resources owned by the applicant, including data on the information systems and the available software for performing the activity;
  - 1.2. contracts/agreements for supplying with electricity and heat;
  - 1.3. number and category of customers; and
  - 1.4. plan on accomplishment of standards for supplying customers, including: customer complaints, response time for customer complaints, billing proposal, call centre respond time, average waiting time in customer information centers, etc.



#### Article 17

##### **Specific requirements of license on import/export and transit**

1. An applicant applying for an import/export and transit license, in addition to requirements under Article 9 and 10 of this Rule, shall also submit to ERO the following documents/evidences:
  - 1.1. a description of planned energy activities; and
  - 1.2. information on any license at the ownership of the applicant in relation to energy activities, both in Kosovo or any other country.

#### Article 18

##### **Application and timeline for the review of application**

1. Form of application for licensing energy activities in Kosovo shall be issued and published by ERO.
2. ERO may draft applications for each energy activity set forth in Article 27, paragraph 2 of the Law on Energy Regulator, as requested.
3. ERO shall take a formal decision for each application within ninety (90) calendar days, upon the submission of a completed application. ERO shall inform the applicant on the date when his application is deemed as complete.
4. In case a license is refused, an applicant cannot file a new request before ninety (90) calendar days from the date when such an application has been refused.
5. ERO may refuse to grant a license in accordance with Article 33 of the Law on Energy Regulator.
6. Provision of any false or fraudulent information by the applicant shall be the basis for the refusal of an application, or, if it is revealed after the license has been granted, it shall be the basis for the withdrawal of a license, or there will be some other sanctions imposed by ERO.

## **CHAPTER IV CRITERIA FOR GRANTING LICENSES**

#### Article 19

##### **General criteria for granting licenses**

1. Pursuant to Article 29 of the Law on Energy Regulator, ERO shall define criteria to be met by the applicant in order for a license to be granted.
2. A license can be granted to an applicant applying for a license if ERO has made an evaluation that, *inter alia*, he has met the general criteria as the following:



- 2.1. Possesses the technical and financial capability, material and human resources, and organizational structure for meeting the requirements under the license;
- 2.2. Holds property rights over or a legal right to use the energy facilities to be used to perform the activity;
- 2.3. Provides evidence that the energy facilities to be used to perform the activity meets health, safety and environmental protection requirements;
- 2.4. Is not insolvent for paying taxes and is not under liquidation or bankruptcy process;
- 2.5. License has not been revoked for the same activity within five (5) years before the date of submission of the application;
- 2.6. Will not degrade the reliability of the electricity and heat system;
- 2.7. Will operate consistent with the energy strategy as adopted by the Government of the Republic of Kosovo;
- 2.8. Will not endanger or impair development of competition in an open market; and
- 2.9. Meets all relevant Kosovo and EU Directive environmental requirements and guidelines, and has adequate on-going environmental monitoring programs.

#### Article 20

##### **Specific criteria for granting licenses**

1. An applicant applying for a license for generation of energy, in addition to general requirements set forth in Article 19 of this Rule, may be granted a license if ERO has made an evaluation that he has met the following criteria:
  - 1.1. is capable of providing the ancillary services;
  - 1.2. utilizes modern technology;
  - 1.3. ensures adequacy of supply of fuel; and
  - 1.4. has financial and technical capacity to dispose of all generation-related waste and to decommission and/or remove all generation facilities in compliance with technical and environmental requirements.
2. An applicant applying for a license for Transmission system operation, in addition to general criteria set forth in Article 19 of this Rule, may be granted a license if ERO has made an evaluation that he has met the following criteria:
  - 2.1. it has metering devices installed on electricity delivery points;



- 2.2. it has established an efficient system of meter readings for the purpose of electricity billing; and
  - 2.3. it provides third party access to transmission electricity system.
3. An applicant for a license for distribution system operation, in addition to general criteria set forth in Article 19 of this Rule, may be granted a license if ERO has made an evaluation that he has met the following criteria:
  - 3.1. it has metering devices installed on electricity / heat delivery points;
  - 3.2. it has established an efficient system of meter readings for the purpose of electricity/heat billing; and
  - 3.3. it provides third party access to the electricity/ heat distribution system.
4. An applicant applying for a license for a public supply license, in addition to general criteria set forth in Article 19 of this Rule, may be granted a license if ERO has made an evaluation that he has met the following criteria:
  - 4.1. all meter and invoicing requirements of consumption of electricity and heat for the regulated customers are satisfied in a safe and economical manner; and
  - 4.2. complies with imposing a Public Service Obligation, if applicable.
5. An applicant applying for a license for supply, in addition to general criteria set forth in Article 19 of this Rule, may be granted a license if ERO has made an evaluation that he has met the following criteria:
  - 5.1. all meter and invoicing requirements of consumption of electricity and heat are satisfied in a safe and economical manner; and
  - 5.2. supplier is of a sound reputation in performing energy activities.
6. An applicant applying for a license for import/export and transit of energy, in addition to general criteria set forth in Article 19 of this Rule, may be granted a license if ERO has made an evaluation that he has met the following criteria:
  - 6.1. supplier is of a sound reputation in performing energy activities.

## **CHAPTER V**

### **TERMS AND CONDITIONS OF THE LICENSES**

#### Article 21 **General terms and conditions**



1. Each license shall include the indispensable terms and conditions for performing the licensed activity, setting forth the rights and obligations imposed on all licensees notwithstanding the type of energy activity.

2. Each license shall contain the following general provisions:

- 2.4. the legal grounds for issuing the license;
- 2.5. the type of energy activity that is licensed;
- 2.3. definitions;
- 2.4. conduct of licensed activities;
- 2.5. the territories covered by the license, where applicable;
- 2.6. ownership or legal right to use territory, facility and integral parts of system;
- 2.7. the main facilities used to perform the licensed activity, if applicable;
- 2.8. the terms, conditions, rights and obligations of the licensees;
- 2.9. requirement to comply with all relevant technical and commercial codes including the Market Rule;
- 2.10. requirement to comply with conditions set forth in the licenses, laws and regulations applicable in Kosovo and rules issued by ERO;
- 2.11. accounting standards provisions;
- 2.12. prohibition of cross-subsidies (inter-subsidies), if applicable;
- 2.13. public service obligation and supply as last resort provision, if applicable
- 2.14. integrity and financial sustainability of the licensee;
- 2.15. requirements to comply to the safety, security and environmental standards protection;
- 2.16. conditions regarding the modification, transfer, suspension, termination, and withdrawal of a license;
- 2.17. obligation to maintain data in relation to the licensed activity as required;
- 2.18. provision in relation to reporting to ERO;
- 2.19. provision on payment of fees;
- 2.20. provision in relation to dispute resolution and appeal procedure;



2.21. legal consequences of violation of license requirements; etc.

3. In addition to the provisions set forth in paragraph 2 of this Article, ERO may include in the license other conditions in order to assure compliance with the objectives or requirements of the applicable legislation.

## Article 22

### **Specific terms and conditions in different kind of licenses**

1. ERO may include in Generation license the terms and conditions concerning:
  - 1.1. provision of ancillary services by licensee in accordance with available technical and commercial codes of the energy market;
  - 1.2. provision of dispatching in accordance to the Market Rules and Grid Code;
  - 1.3. requirement to establish relations with other electricity/heat market players in accordance with Market Rules and applicable Laws;
  - 1.4. requirement to provide necessary measurements of impact on environment in accordance with applicable laws;
  - 1.5. provision regarding fuel stocks;
  - 1.6. regulated access right to land and / or facility;
  - 1.7. disposal or outsourcing of assets of the Licensee;
  - 1.8. decommission and/or removal of all facilities and structures, and to return the land to its original condition, if applicable, etc.
2. ERO may include in Transmission license operator the terms and conditions concerning:
  - 2.1. requirement to provide connection to the transmission system and third party access in an objective and nondiscriminatory manner, with appropriate provisions governing the submission of requests for access, the procedure for denial of access, and appeal procedures by parties to whom the access has been denied;
  - 2.2. priority of dispatch of energy generated from renewable energy sources as set forth in Article 12, paragraph 1 of the Law on Energy, Article 12, sub-paragraph 1.14 of the Law on Electricity and other applicable rules;
  - 2.3. obligation to make publicly available information about interconnection and transmission system maintenance plan and possible congestions, in accordance with applicable laws, rules and relevant Codes;
  - 2.4. the development plan of transmission system in accordance with the Law on Electricity and applicable rules and codes;



- 2.5. obligation to maintain database and criteria update, that the information received by users of the transmission system is open to the public, but preserving the information considered confidential;
  - 2.6. provision of the market and technical system information to other market participants;
  - 2.7. establishment of a compliance program, which sets out measures taken to ensure that discriminatory conduct of the market players is excluded, and ensure that observance of it is adequately monitored;
  - 2.8. obligation to develop technical codes as set forth under Law on Electricity; and
  - 2.9. other responsibilities of transmission system operator as prescribed under relevant Laws.
3. In Distribution system operator licens, ERO may include the terms and conditions concerning:
- 3.1. requirement to provide connection and use to the distribution system and third party access in an objective and nondiscriminatory manner, with appropriate provisions governing the submission of requests for access, the procedure for denial of access, and appeal procedure by the parties to whom the access is denied;
  - 3.2. the system characteristics and interconnections;
  - 3.3. the development plan of distribution system of electricity and district heating in accordance with applicable laws in the energy sector;
  - 3.4. provision of the information to the other system users;
  - 3.5. establishment of a compliance program with relevant laws, rules and codes;
  - 3.6. provision ensuring non-discriminatory access to the information but preserving the information considered confidential;
  - 3.7. the customers are informed in a clear and transparent way about the connection conditions for the connection on the distribution system; and
  - 3.8. designed to assure that all meter and invoicing requirements for the (regulated) customers are satisfied in a safe and economical manner;
4. In Public Supply license, ERO may include the terms and conditions concerning:
- 4.1. requirements set forth under Law on Electricity pertaining to the public supply of electricity to the customers and in accordance to the Law on District Heating pertaining to the public supply of heating to the customers;



- 4.2. provisions pertaining a Supplier of Last Resort in order to ensure the continuity of electricity and heat supply to customers;
  - 4.3. requirements for purchasing electricity and heat in a manner that is economic and efficient;
  - 4.4. requirement to assure that the license holder informs all customers of the procedure for making a claim for damages and establishes adequate appeal procedures to address such claims and compensation; and
  - 4.5. the prevention of discrimination in provision of the services to the customers.
5. In Supply license, ERO may include the terms and conditions concerning:
- 5.1. requirements set forth under the Law on Electricity and under the Law on District Heating;
  - 5.2. requirements to purchase electricity and heat in the most economically efficient manner;
  - 5.3. requirements to assure that the license holder informs all customers of the procedure for making a claim for damages and establishes adequate appeal procedures to address such claims and compensation; and
  - 5.4. the prevention of discrimination in provision of the services to the customers.
6. In import/export and transit license, ERO may include terms and conditions concerning:
- 6.1 requirements set forth under the Law on Electricity.
7. In Market Operation License, ERO may include the terms and conditions concerning:
- 7.1. requirements set forth under the Law on Electricity;
  - 7.2. requirements to prepare the Market Rules as set forth under the Law on Electricity;
  - 7.3. provision of correct and reliable information regarding prices, number of market participants, percentage of market share, forecasted prices and statistics to the market participants;

#### Article 23

#### **Separation of accounts and management**

1. The licensee is obliged to keep separate accounts for:
  - 1.1. different energy activities, including generation, transmission, distribution, supply, import/export and transit of electricity and heat;
  - 1.2. activities that the licensee performs outside the scope of the license; and



- 1.3. separate activities performed within the regulated and non-regulated markets for electricity and heat.
2. The licensee is required to exercise accounting, management and legal separation in accordance with Article 46 of the Law on Electricity.

Article 24  
**Duration of the license**

1. The duration of the license shall be set in accordance with Article 30 of the Law on Energy Regulator, which defines the license period applicable to different types of energy activities as well as factors that may influence the determination of the duration of the license.
2. The duration of each license may be extended for a certain time period and which does not exceed the relevant time period set forth in Article 30, paragraph 2 of the Law on Energy Regulator, implying that the licensee will manage to satisfy all license conditions and obligations and that he has filed a request in writing for the extension of the current license.

**CHAPTER VI**  
**DATA ACCESS AND THEIR RETENTION REQUIREMENTS**

Article 25  
**Annual obligations of the licensee**

1. Pursuant to the terms and conditions set forth in its license, the licensee shall submit to ERO on an annual basis the following documents:
  - 1.1. audited financial statements (financial and accounting information including annual balance sheets together with the statement of income and expenses, information on the assets, etc);
  - 1.2. specified technical and economic information, including the annual report on maintaining the safety and security of the energy facility;
  - 1.3. any signed contracts for cross border trade of electricity, supply contracts, power purchase agreements, and any contract signed pursuant to power purchase agreements;
  - 1.4. report on the status of main equipment;
  - 1.5. report on the index of supply and service quality standards; and
  - 1.6. any concluded insurance contracts within guidelines set out in the license.



## Article 26

### **Data collection and submission**

1. In requiring information, data or documents, ERO shall give written notice to the licensee, specifying the time by which the information, data or documents must be submitted to ERO.
2. At the request of ERO, the licensee shall submit the following evidences:
  - 2.1. information on electricity and heat prices charged together with information on the income and expenses incurred in connection with the price setting;
  - 2.2. information on the installed and the available operative generation capacity proposed for purchasing or already purchased by the energy enterprise for a definitive period;
  - 2.3. data on the generated and/or the sold quantities of electricity and heat as well as the amounts paid under the sales contracts;
  - 2.4. information on the work performed under the implementation of contracts for the sale of electricity and heat;
  - 2.5. information on standards of performance offered to the customers including the quality of supply and services (duration, frequency, number of interruptions and minutes lost per customers, etc);
  - 2.6 indicators on system services (connection of new consumers in time, restoration of system failures, keeping the timing of meter reading agreements, general metering information, etc);
  - 2.7. copies of the insurance contracts; and
  - 2.8. other information in relation to the licensed activity.

## Article 27

### **Confidential information**

1. ERO is entitled to require information, data and documents pursuant to paragraph 2 of this Article, notwithstanding whether such documents contain confidential or commercially sensitive information.
2. When submitting the required data and documents, the licensee may identify certain information provided, or may mark certain documents submitted as confidential or commercially sensitive and request that ERO does not make such information publicly available.
3. ERO shall determine whether documents shall be deemed confidential or not, pursuant to the Rule on Confidentiality of Information.



#### Article 28

##### **Requirement for the Licensee to Keep and Collect the Information**

1. ERO may require the licensee to collect and to keep information, data and documents concerning the customers, metering devices, data regarding the supply quality measurement, and number of complaints, including the following data:

- 1.1. names and addresses of customers;
- 1.2. location of the metering devices;
- 1.3. amounts of compensation paid to customers in case of poor performance, if any;
- 1.4. number of contracts signed by different categories of final customers;
- 1.5. numbers and types of complaints registered; and
- 1.6. other additional information as ERO deems appropriate.

#### Article 29

##### **Monitoring of licensed activities**

1. ERO monitors the performance of licensed activities based on the data submitted by the licensee in accordance with applicable Laws and regulations.
2. Licensee shall cooperate with ERO in providing all data requested during the license validity period.
3. ERO may perform physical inspections of the facilities and license-related documents on the premises of the licensee (periodically announced and unannounced visits) or pursuant to Article 32, paragraph 3 of the Law on Energy request from Inspectorate of respective Ministry of Energy to perform such inspections on the premises of licensed enterprises, and shall provide to ERO a written report on the inspection.

#### Article 30

##### **Standards of performance of activities**

1. The licensee shall perform the energy activity in conformity with the standards of performance in the energy sector as stipulated in the technical and commercial codes, Market Rules and other rules approved by ERO.
2. Contracts between the licensee and customers shall be made in conformity with the provisions of the Rule on General Conditions of Energy Supply.



#### Article 31

##### **Insurance**

The terms and conditions of the licenses shall set forth the insurance obligations of each licensee.

## **CHAPTER VII EXTENSION, MODIFICATION, SUSPENSION AND TERMINATION OF LICENSE**

#### Article 32

##### **Extension of the license**

1. ERO may extend the duration of every license for another period, in accordance with Article 30 of the Law on Energy Regulatory, provided that the licensee meets all obligations and requirements in its license, and has submitted a written application for extension.
2. Application for the extension of the license for the activities set forth in the license shall be done no later than six (6) months before the expiration of the license, as stipulated in Article 30, paragraph 3 of the Law on the Energy Regulatory.
3. Every request for extension of the license shall be treated by ERO in accordance with the license application procedures as stipulated in this Rule.
4. The extension shall commence from the date of expiration of the period of validity of the license.
5. Form of application for the extension of the license shall be issued and published by ERO.

#### Article 33

##### **Modification of the license**

1. Licenses may be modified upon the initiative of ERO only in the following circumstances:
  - 1.1. If ERO deems it appropriate to increase competitiveness,
  - 1.2. If there may arise circumstances to do modifications into the public service obligations,
  - 1.3. In cases when there occur circumstances that endanger the security of energy supply,
  - 1.4. In cases when there occur circumstances that endanger state security, life and health of citizens or environmental protection,
  - 1.5. In order to include new criteria in the license, as stipulated under international agreements or under applicable Laws in Kosovo,



- 1.6. If there arises a need to protect energy system in Kosovo.
2. For every license modification, ERO shall inform the licensee in writing. This notice shall specify the basis on the proposed modification and the effects expected from it.
3. Within a period of fourteen (14) days from the date of receiving the announcement pursuant to paragraph 2 of this Article, the licensee may file a statement in writing presenting his point of views in relation to ERO's announcement for the modification of the license, and shall attach every other supporting document.
4. Modification of a license is subject to the discretion of ERO.

#### Article 34

##### **Modification of the License upon the request of the Licensee**

1. The licensee may request a modification of its license at any time.
2. The licensee shall submit all information and documents necessary to support the request for modification.
3. Modification of the license, upon the request of the licensee, shall be subject to the discretion of ERO.
4. Application for the modification of the license shall be issued and published by ERO.

#### Article 35

##### **Suspension of the license**

Energy Regulatory Office may temporarily suspend the license in cases when such a suspension is justified. In this case, the licensee is given reasonable time to correct his actions or failure of actions, as well as when the licensee proves his will and ability to conduct such corrections.

#### Article 36

##### **Suspension, discontinuation or the retirement of licensed generation facility**

1. Prior to termination of the license pursuant to Article 36 of this Rule, ERO shall approve on its own initiative or upon request by the licensee, in conjunction with the Ministry of Environment and other relevant authorities, the:
  - 1.1. suspension of the license for the generation of electricity and heat for a short period of time;
  - 1.2. retirement of the energy facility, subject to requirements that a financial guarantee is deposited in the bank sufficient to cover expenses;
  - 1.3. discontinuation and decommissioning of power generation and close down of the power plant; and



- 1.4 if an existing facility for the generation of the energy has been operating below 60% of the approved capacity for a continuous period of five (5) years, then suspension, discontinuation or retirement of the license may be executed.
2. Pursuant to Article 32 of this Rule, license may be extended if this extension is required to facilitate the retirement of the licensed activity.

#### Article 37

#### **Termination or withdrawal of the license**

1. Pursuant to Article 35 of the Law on Energy Regulatory, any issued license may be terminated or withdrawn by ERO in the following cases:
  - 1.1. expiration of the period of validity, including the possible extensions of its terms;
  - 1.2. upon the request of the licensee, provided that the licensee obligations are taken over by another licensee, or that the customers shall not suffer from this discontinuation of license;
  - 1.3. its revocation by ERO;
  - 1.4. dissolution of the legal person holding the license;
  - 1.5. destruction of the energy facility;
  - 1.6. where the licensed energy activity has not been conducted for more than six (6) months, except where this activity is approved by ERO;
  - 1.7. where provisions of Article 36 of this Rule are met;
  - 1.8. if the licensee fails to meet or violates conditions and material obligations set forth by the license, and if he does not correct such failures within a reasonable period of time stipulated by the Energy Regulatory Office;
  - 1.9. if the licensee's activities are discontinued as a result of stating his insolvency to pay or due to liquidation, however, this sub-paragraph is not applied to a process of reorganization which is supervised by the court if the licensee continues his activity during this process, and
  - 1.10. if the licensee has submitted incorrect information taken as the basis for granting the license, as well as that those information are of great importance for proper performance of the licensed activities:
2. The license can be terminated only if Energy Regulatory Office has established that the licensee' obligations, including the public service obligations, can be carried out in a



satisfactory way by another licensee or when customers do not suffer from the termination of such a license.

3. Energy Regulatory Office can transfer the license, which has been terminated, to another licensee, provided that the new licensee shall apply for the license and shall be approved of.
4. Every request for termination or withdrawal of the license shall be treated by ERO in accordance with license application procedures set forth under this Rule.

## **CHAPTER VIII**

### **TRANSFER OF THE LICENSE AND DISPOSAL OF LICENSEE'S ASSETS**

#### Article 38 **Transfer of the license**

1. If a licensee requests to transfer the license to another entity, he is obligated to obtain prior approval of ERO for that transfer. Until such approval is obtained, the current Licensee is obligated to continue to perform its duties under its license until the approval of transfer by ERO.
2. Transfer of the license may be approved by ERO only in the case when the reasons for such transfer are justified by the applicant and:
  - 2.1. if the proposed transferee will accept and discharge all remaining obligations of the current Licensee, whether arising under the License of the licensee, this Rule, or any other applicable legislation; and
  - 2.2. if proposed transferee fulfils all conditions set forth in this Rule on License and other applicable legislation.
3. The proposed licensee should obtain license or approval for transfer from ERO prior to commencing activities.
4. The transfer proceeding is performed by ERO in the same manner as that used in granting a license. ERO shall determine whether the proposed transferee is capable of satisfying license conditions. The duration of license validity and conditions of license shall remain the same.
5. Form of application for modification of the License shall be issued and published by ERO.

#### Article 39 **Disposal of licensed assets**

1. Disposal of the capital equipment and rights on immovable property used to perform the licensed activity shall be subject to the approval of ERO.
2. The terms and conditions of the license shall include provisions regarding the approvals required for disposal of capital equipment and rights on immovable property,



3. Energy enterprises licensed by Energy Regulatory Office should apply with Energy Regulatory Office for such a disposal.

Article 40

#### **Protection of energy system**

All such decisions concerning issuance, modification, withdrawal or termination of a license shall be taken only if appropriate protection measures for the energy system can be provided to support such decisions.

### **CHAPTER IX PENALTY PROVISIONS**

Article 41

#### **Penalties**

If a licensed enterprise commits violations of legal provisions of this rule and licenses issued by ERO, then administrative measures and penalties in accordance with the Law on Energy Regulatory, and Rule on Administrative Measures and Penalties shall be served to it.

Article 42

#### **Appeal of an ERO decision**

ERO decisions regarding the issuance or refusal of granting a license may be subject of dispute at the competent court under applicable laws.

### **CHAPTER X FINAL AND TRANSITIONAL PROVISIONS**

Article 43

#### **Transitional provisions**

All licenses issued by ERO and which are applicable at the time of the approval of this Rule shall be modified in accordance with provisions of this Rule, and other applicable Laws and regulations.

Article 44

#### **Official language**

This Rule is issued in Albanian and shall be translated in Serbian and English language. In the event of a discrepancy among the versions, the Albanian version shall prevail.

Article 45

#### **Modification**

1. ERO is entitled to change or modify this Rule.



2. Procedures for the changing or modification of this Rule shall be the same as were for its approval.

Article 46  
**Interpretation**

In case there are uncertainties concerning the provisions of this Rule, the Board shall issue explanatory information.

Article 47  
**Abrogation**

This rule shall abrogate the Rule for licensing energy activities in Kosovo issued pursuant to the Law on Energy Regulatory No. 2004/9 and approved by the Board of Energy Regulatory Office on 24.02.2006.

Article 48  
**Entry into force**

This Rule shall enter into force upon the day of its approval by the Board of ERO and shall be published on the official website of ERO.

**Board of Energy Regulatory Office:**

\_\_\_\_\_  
Dr. Ali Hamiti, Chairman

\_\_\_\_\_  
Përparim Kabashi, Member

\_\_\_\_\_  
Blerim Koci, Member