Ndërtesa e Elektrokosovës
Bulevardi Bill Klinton nr.3
Prishtinë 10000
Republika e Kosovës

Elektrokosova Building
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Prishtina 10 000
Republic of Kosovo

KËRKESË PËR SHQYRTIM TË JASHTËZAKONSHËM TË TË HYRAVE MAKSIMALE TË LEJUARA TË FURNIZUESIT PUBLIK

Gusht, 2014

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Përshkrimi i Ngjarjes së Jashtëzakonshme

Pas aksidentit në TC Kosova A, ku dy njësi gjeneruese A4 dhe A5 janë jashtë operimit, kapacitetet gjeneruese në Kosovë nuk do të jenë të mjaftueshme për të përmbushur kërkesat e konsumatorëve me energji elektrike. Kosova do te ketë dallim te madh ne mes te prodhimit vendor dhe konsumit, si pasojë e daljes nga operimi të njësive Gjeneruese të Termocentralit Kosova A pas aksidentit të ndodhur me 6 qershor 2014.

Dy nga blloqet e tij A4 dhe A5, janë jashtë funksionit, ndërsa njësia A3, edhe pse e riparuar mbetet e pasigurt për prodhim të vazhdueshëm deri ne fund te vitit. Në këto rrethana mungesa e prodhimit prej 411 GWH dhe pasiguria e disponueshmerisë së kapaciteteve ekzistuese e përkeqësojnë edhe më tepër furnizimin me energji elektrike për konsumatorët. Mungesa e prodhimit nga gjenerimi vendor duhet të plotësohet me import shtesë në mënyrë që të balancohet mungesa e prodhimit dhe kërkesës. Sigurimi i këtij importi, paraqet kosto shtesë për furnizuesin publik, e të cilat nuk ishin paraparë në të Hyrat e Lejuara Maksimale të Furnizuesit, dhe të cilat e kalojnë pragun e materialitetit të përcaktuar në Rregullën e Çmimeve.

Për të plotësuar nevojat e konsumatorëve, mungesa e gjenerimit vendor është plotësuar me importin e energjisë elektrike, me një kosto prej 2 deri ne 3 herë më të lartë se sa kostoja e gjenerimit të KEK-ut. Siç dihet një pjese e kostos se energjisë elektrike të importuar është subvencionuar nga Qeveria e Kosovës deri në fund të vitit 2013 dhe një pjesë është paguar nga konsumatorët. Në vitin 2014 Qeveria e Kosovës në buxhetin e saj nuk ka paraparë subvencione për mbulimin e kostos për një pjesë të energjisë së importuar, kështu që e tërë kostoja e energjisë e paraparë për import sipas balancës së energjisë të rishqyrtuar nga ZRRE-ja për qëllim të tarifave do të mbulohet nga konsumatorët. Me qëllim të mbajtjes së tarifave të ulta për konsumatorët ZRrE-ja, gjatë marrjes së vendimit për tarifa ka zvogëluar kërkesën e furnizuesit për import.

Ndikimi i ngjarjes së jashtëzakonshme në Kostot me Shumicë

Për periudhën deri në dhjetor 2014 kur njësit A4 dhe A5 të kthehen në operim, mungesa e energjisë elektrike do të jetë 411 GWh krahasuar me planin e prodhimit të njësive gjeneruese të aprovuar nga ZRrE-ja, siç mundë të shihet në tabelën 1.

Importi i energjisë elektrike i aprovuar nga ZRrE-ja i përfshirë në tarifa ishte 450 GWh. Vetëm për periudhën janar – qershor 2014 është importuar 278 GWh apo 62% në krahasim me importin e aprovuar nga ZRrE-ja. Dalja nga operimi e njësive gjeneruese të TCA ka parashtruar kërkesën për import shtesë për të balancuar mungesën e prodhimit dhe kërkesën për energji prej 450 GWh, që nuk është e përfshirë në tarifat përfundimtare me pakicë. Duke marrë parasysh se Kosova nuk ka kapacitete rezerve është paraparë edhe importit emergjent prej 75 GWh për rrethana dhe kohë të caktuar, i cili mund te nevojitet për shkak te ndërprerjeve te pa planifikuara te njësive gjeneruese.

Linja	Aprovuar ZRrE (GWh)	Aktual Janar-Qershor (GWh)	Parashikimi Korrik-Dhjetor (GWh)	Total viti (GWh)	Diferenca (GWh)
KEK Gjenerimi	5,242	2,694	2,137	4,831	(411)
Ujmani dhe HC tjera	128	76	55	131	2
Importi	450	278	546	824	374
Importi Emergjent			75	75	75
Eksporti	(599)	(389)	(92.5)	(481)	118
Subvencionet	-	-	-	-	-
Total	**5,221**	**2,660**	**2,720**	**5,379**	**158**

Tabela 1

Ne kuptimin ekonomik, plani me i mire i furnizimit me energji elektrike është ai qe i mundëson Furnizuesit Publik qe te plotësojë nevojat për furnizim me energji elektrike me koston me te ulet për konsumatorin. Sidoqoftë kriza politike ne Ukraine mund te shkaktoje një situate te vështire te furnizimit me gaze ne Evrope, qe si për pasoje do te rrit kërkesën për energji elektrike ne vendet importuese, kjo do te ndikoje ne rritjen e çmimit te kapaciteteve transmetuese, dhe po ashtu ne çmime me te larta ne importin e energjisë elektrike nga Furnizuesi Publik qe do te nevojitet për te mbuluar mungesën e prodhimit nga njësite Gjeneruese. Në rrethana të reja Çmimi i Importit është paraparë të jetë 65€/MWh. Total kostoja e importit duke përfshirë edhe koston e importit emergjent për mbulimin e mungesë së prodhimit do të jetë 27.2 mil Euro, krahasuar me koston e importit të aprovuar nga ZRrE-ja kjo paraqet një rritje 100%% të kostos së importit. Megjithatë ndikimi financiar në kostot me shumicë do të jetë 17,2 milion euro për arsye të reduktimit të pagesës ndaj KEK-ut për mungesë të prodhimit të energjisë elektrik. Për të vitin sipas skenarit më të mirë sipas të cilit TCA4 dhe TCA5 do të kthehen në operim në dhjetor (19 milion euro janë vetëm për gjashtëmujorin e dytë të vitit) . Impakti i mungesës së prodhimit në koston e shitjeve me shumicë është siç është paraqitur në tabelën 2. Duhet të theksohet se bazuar në informatat e marra nga KEK-u, në rast se njësit A4 dhe A5 nuk do të hyjnë në operim në dhjetor, dhe ndjesia e A3 të planifikimit të riparimit për dhjetor do të zhvendoset në tetor - nëntor atëherë kjo të ndikoj në rritjen e importit shtesë.

Linja	**Aprovuar ZRrE (€000')**	Janar-Qershor (€000')	Korrik-Dhjetor (€000')	**Total viti (€000')**	Diferenca (€000')
KEK Gjenerimi	139,535	69,451	56,896	126,347	(13,189)
Ujmani dhe HC tjera	4,283	2,395	1,769	4,163	(120)
Importi	27,017	14,990	34,192	49,182	22,166
Importi Emergjent			5,100	5,100	5,100
Eksporti	(17,970)	(12,424)	(2,776)	(15,200)	2,769
Subvencionet	-	-	-	-	-
Margjina me pakicë	4,586	2,232	2,855	5,088	502
		-			
Total	**157,451**	**76,644**	**98,036**	**174,680**	**17,228**
Adj e vitit 2013	(15,143)				
Total WHPC 2013	**142,309**				

Tabela 2

Linja	ERO H1	Janar-Qershor (€000')	Diferenca (Aktuali vs ERO H1)	ERO H2	Korrik-Dhjetor (€000')	Diferenca (Parashikimi vs ERO H2)	Total diferenca
KEK Gjenerimi	69,768	69,451	(317)	69,768	56,896	(12,872)	(13,189)
Ujmani dhe HC tjera	2,142	2,395	253	2,142	1,769	(373)	(120)
Importi	13,508	14,990	1,482	13,508	34,192	20,684	22,166
Importi Emergjent	-	-	-	-	5,100	5,100	5,100
Eksporti	(8,985)	(12,424)	(3,439)	(8,985)	(2,776)	6,209	2,769
Subvencionet	-	-	-			-	-
Margjina me pakicë	2,293	2,232	(61)	2,293	2,855	562	502
Total	**78,726**	**76,644**	**(2,082)**	**78,726**	**98,036**	**19,310**	**17,228**

Tabela 2.1

Duke marrë parasysh kalkulimet e paraqitura në tabelën 1 dhe tabelën 2, mund të konkludojmë që çmimi me shumicë pas ndodhjes së aksidentit është 32.5€/MWh, që krahasuar me çmimin a aprovuar paraqet një rritje prej 19%

Çmimi me shumicë		
Njësia	Aprovuar	Shqyrtimi i Jashtëzakonshëm
€/MWh	**27.3**	**32.5**

Tabela 3

Pas kalkulimeve të mësipërme, çmimi i ri me shumicë duhet të jetë çmimi i cili duhet aplikuar për kalkulimin kostove të humbjeve.

Ndikimi i shitjeve në të Hyrat e Lejuara Maksimale

Shitjet ne vitin 2014 janë paraparë të jenë 3,803GWh. Sidoqoftë, për shkak të kushteve klimatike që kanë mbretëruar në gjashtëmujorin e parë të vitit 2014, shitjet janë zvogëluar prej 168GWh apo 9% më pak krahasuar më shitjet sipas përcaktuesve të faturimit të cilat ZRrE-ja i ka përdorur gjatë kalkulimeve për përcaktimin e MAR-it.

Linja	ERO H1	Aktual Janar-Qershor (GWh)	Diferenca (Aktuali vs ERO H1)	ERO H2	Parashikimi Korrik-Dhjetor (GWh)	Diferenca (Parashikimi vs ERO H2)	Total diferenca
Shitjet ne nivel te OST-se	300	263.183	(36)	318	331	14	(23)
Shitjet ne OSSH	1,617.86	1,486	(132)	1,568.33	1,566	(2)	(134)
Total	**1,917**	**1,749**	**(168)**	**1,886**	**1,897**	**11**	**(157)**

Tabela 4

Megjithatë KEDS nuk parasheh ndryshim të theksuar të shitjeve për gjashtëmujorin e dytë meqenëse pritet që kushtet klimatike të jenë të ndryshme në krahasim me atë që kanë mbretëruar në gjashtëmujorin e parë të vitit 2014. Në këtë kuptim të hyrat për vitin 2014 do te jene 8% apo prej 20mil€ me te vogla krahasuar me te hyrat e aprovuar nga ZRRE-ja për vitin 2014, siç janë paraqitur ne tabelën 5.

Linja	Aprovuar ZRrE (€000')	Janar-Qershor (€000')	Korrik-Dhjetor (€000')	Total viti (€000')	Diferenca (€000')
Shitjet ne nivel te OST	29,055	11,911	16,747	28,658	(397)
Shitjet ne nivel te OSSH	210,910	91,084	100,102	191,186	(19,724)
Total	**239,965**	**102,995**	**116,849**	**219,844**	**(20,122)**

Tabela 5

Ky dallimi ndërmjet të hyrave te aprovuara nga ZRRE-ja dhe pritjeve për realizimin e te hyrave është 20mil€, kjo është edhe si pasoje e vonesës se vendimit te ZRrE-se për ngritjen e tarifave nga 1 Prilli, ky dallim duhet përshtatur përmes faktorit te përshtatjeve KREV si në tabelën 6 :

KREV			
Njësia	Aprovuar	Shqyrtimi i Jashtëzakonshëm	KREV
€000'	**239,965**	**219,844**	**20,122**

Tabela 6

Pavarësisht ndodhjes se aksidentit ne TC A nevoja për shqyrtimi te jashtëzakonshëm është edhe si rrjedhoje e nen mbulimit te të hyrave te lejuara maksimale.

Ndikimi Financiar i WHPC dhe shitjeve për vitin 2014

Edhe pse ZRRE-ja ka qenë në dijeni për aksidentin e ndodhur në TC A para marrjes së vendimit për të Hyrat e Lejuara Maksimale ajo, nuk ka marrë parasysh komentet e KEDS-it dhe ka injoruar faktet e ndodhura pas aksidentit. Në version final të balancës së energjisë për qëllim të tarifave, ZRrE-ja në vend që të rris sasinë e importit për ta balancuar mungesën e gjenerimit ajo ka reduktuar sasinë e importit dhe ka rritur në mënyrë të pa argumentuar sasinë e prodhimit prej 170GWh, dukë vështirësuar sigurinë e furnizimit me energji elektrike.

Ndikimi financiar përfundimtar për Furnizuesi Publik pa përfshirë kostot tjera të bartëshme është 37 mil € apo 16% krahasuar me te Hyrat e Lejuara Maksimale. Ky ndikim siç mund te shihet ne tabelën 7 vjen si rezultat rritjes se kostove me shumice prej 17mil€ në skenarin më të mirë të riparimit dhe korrigjimit te të hyrave prej 20mil€. Përfshirja e kostove tjera të bartshme mund të rris edhe me tepër nevojën për rritjen e tarifave.

€000'	ZRRE	Aktuali i pritur	Azhustimet Rregullatore
Ngritja e kosotove me shumice	157,451	174,680	17,228
Korigjimi I te hyrave	239,965	219,844	20,122
Ndikimi total			**37,350**
MAR-i total i FPEE-se			239,965
Ndikimi ne perqindje			**16%**

Tabela 7

Ç'thurja ligjore

KEDS kërkon nga ZRrE-ja te merr parasysh këtë çështje te rëndësishme, gjate këtij shqyrtimi te jashtëzakonshëm për shkak se ato nuk kane ndikim financiar ne këtë vit. KEDS dëshiron te theksoje se kjo çështje me rendësi duhet te konsideroje aspektin legal te kërkesës për ristrukturimin e operimit te kompanisë.

Bordi i ZRrE-së me anë të vendimit V_619_2014 ka aprovuar edhe udhëzuesin për shthurje Ligjore i cili i është dërguar KEDS-it në maj 2014. KEDS në aplikimin e tij dorëzuar në ZRrE, ka prezantuar shthurjen e funksioneve në mes të OSSH dhe FPEE-së siç janë të përcaktuara në licencë dhe i ka paraqitur kostot e kësaj shthurje. Ky rialokim nuk do te ketë kurrfarë ndikimi në tarifat përfundimtare për konsumatorët e fundit, sidoqoftë injorimi i këtij procesi në këtë moment do të ketë ndikim në tarifat e vitit të ardhshëm.

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Shtojca:

Kalkulimet e ndikimit te shqyrtimit te jashtëzakonshëm

KEDS

Ndertesa e Elektrokosoves
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KOMPANIA KOSOVARE PËR DISTRIBUIM DHE FURNIZIM ME ENERGJI ELEKTRIKE SH.A
KOSOVO ELECTRICITY DISTRIBUTION AND SUPPLY COMPANY J.S.C.
KOSOVSKO PREDUZECE ZA DISTRIBUCIJU I SNABDEVANJE ELEKTRIČNOM ENERGIJOM D.D.
KEDS - SH.A.
Nr. 72 Dt. 04.08.2014
HQ 2

PUBLIC SUPPLIER

REQUEST FOR EXTRAORDINARY REVIEW OF MAXIMUM ALLOWED REVENUES FOR THE PUBLIC SUPPIER

August, 2014

Ndërtesa e Elektrokosovës Bulevardi Bill Klinton nr.3 Prishtinë 10000 Republika e Kosovës
Elektrokosova Building Bill Clinton Bulevard no.3 Prishtina 10 000 Republic of Kosovo

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Description of Extraordinary Event

After the accident in Kosovo A, whereby two units A4 and A5 are out, generating capacities in Kosovo were not sufficient to fulfill the needs of customers for electricity. Kosovo will have a big difference between local production and consumption, as a result of exit from operation of the Generation Units of PP A after the accidents which occurred on 6th of June 2014.

Two PPA units, A4 and A5 are out of operation, whereas unit A3 although repaired is still unstable for continues production until the end of the year. In these circumstances the lack of production for 411 GWh and the insecure availability of existing capacities, worsen even further the electricity supply for end-customers. Lack of local generation should be covered with additional import, in order to balance the lack of production and demand. Insuring this extra import presents additional cost for the public supplier, which costs were not foreseen in the Maximum Allowed Revenues –MAR of the Supplier, and which exceed the materiality threshold, as it is determined in the PES Pricing Rule.

In order to fulfill the need of customers, the lack of local production is covered with the electricity import, with additional cost from 2 to 3 times higher than the KEK's generation costs. As it is known a part of the imported electricity costs was subsidies by the Kosovo Government until the end of the year 2013, whereas the other part was paid by customers. In the year 2014, Kosovo Government didn't foresee in its budget any subsidy for covering a portion of the cost of electricity import, and as a result the total cost for the electricity imported, as foreseen in the energy balance approved by ERO for the tariff purposes, will be covered by customers. With the aim of keeping tariffs low for end-customers, ERO while deciding for the retail tariffs, has decreased the request of public supplier for import as requested.

Impact of the extraordinary review in the wholesale cost

For the period until the end of December 2014 when A4 and A5 units will be back in operation, the lack of electricity will be 411 GWh compared to the ERO approved plan for production, as it is represented in the table 1. Electricity import which is approved by ERO and is included in the tariffs is 450 GWh. Only during the period January-June 2014, 278 GWh were imported, respectively 62% of the amount approved by ERO. Exit from operation of the PPA generation units has resulted with a request for additional import of 450 GWh in order to balance the lack of production and request for electricity, which are not included in the end-retail tariffs. Taking into consideration that during this time Kosovo doesn't have reserve capacities, we have also foreseen the emergency import of 75 GWh for special time and occasions, which might be needed for the unexpected outages of the generation units.

Line	**ERO Approved (GWh)**	Actual Jan-June (GWh)	Forecast July - Dec (GWh)	**Total year (GWh)**	Difference (GWh)
KEK Generation	5,242	2,694	2,137	4,831	(411)
Ujmani and other Hydros	128	76	55	131	2
Import	450	278	546	824	374
Emergency Import			75	75	75
Export	(599)	(389)	(92.5)	(481)	118
Subsidies	-	-	-	-	-
Total	**5,221**	**2,660**	**2,720**	**5,379**	**158**

Table 1

In the economic terms, the best plan for supplying customers with electricity is the one which allows the Public Supplies to fulfill the needs of customers for electricity with the lowest costs. However, political crises in Ukraine might cause difficulties to supply Europe with gas, and as a result the need for electricity import might increase, which further will impact the increase of prices for transmission capacities. This will also affect the high prices for import of the electricity by the Public Suppliers, which will be needed to cover the lack of production of the generation units. In the new circumstance the import price is foreseen to be 65 €/GWh. Total import cost for covering the lack of production is €27.2 million, including the cost of emergency import, which compared to the import cost approved by the ERO represent a 100% increase of the import costs. However, the financial impact in the wholesale cost will be € 17.2 million because of the reduction of payments to KEK due to the lack of electricity production. For the whole year in the best scenario that Kosovo A4 and A5 are back in operations in December (19 million Euro for the second half of the year),. Impact of the lack of production in the wholesale cost is is presented in the table 2. It should be noted that based on information from KEK, in case the units A4-5, KEK is planning to move the repair of A3 from December to October-November and this will increase the volume of needed imports.

Line	ERO approved (€000')	Jan-June (€000')	July - Dec (€000')	Total year (€000')	Difference (€000')
KEK Generation	139,535	69,451	56,896	126,347	(13,189)
Ujmani and other Hydr	4,283	2,395	1,769	4,163	(120)
Import	27,017	14,990	34,192	49,182	22,166
Emergency Import			5,100	5,100	5,100
Export	(17,970)	(12,424)	(2,776)	(15,200)	2,769
Subsidies	-	-	-	-	-
Retail Margin	4,586	2,232	2,855	5,088	502
		-			
Total	**157,451**	**76,644**	**98,036**	**174,680**	**17,228**
2013 adjustment	(15,143)				
Total WHPC	**142,309**				

Table 2

Line	ERO H1	January-June (€000')	Difference (Actual vs ERO H1)	ERO H2	July-December (€000')	Difference (Forecast vs ERO H2)	Total difference
KEK Generation	69,768	69,451	(317)	69,768	56,896	(12,872)	(13,189)
Ujmani and other HPP	2,142	2,395	253	2,142	1,769	(373)	(120)
Import	13,508	14,990	1,482	13,508	34,192	20,684	22,166
Emergency Import	-	-	-	-	5,100	5,100	5,100
Export	(8,985)	(12,424)	(3,439)	(8,985)	(2,776)	6,209	2,769
Subsidies	-	-	-			-	-
Retail Margin	2,293	2,232	(61)	2,293	2,855	562	502
Total	**78,726**	**76,644**	**(2,082)**	**78,726**	**98,036**	**19,310**	**17,228**

Table 2.1

Taking into consideration calculation represented in the table 1 and 2, we can conclude that wholesale price, after the accidents is 32.5 €/MWh, which compared to the ERO approved price presents a 19% increase.

Wholesale Price		
Unit	ERO Approved	Extraordinary Review
€/MWh	**27.3**	**32.5**

Table 3

After the above mentioned calculations, the newly calculated wholesale electricity price should be the base price to be applied for calculating the cost of losses.

Impact of the sales in the Maximum Allowed Revenues

Sales in 2014 were foreseen in the amount of 3,803 GWh. However, due to the weather conditions in the first six months of the year 2014 sales deviated for 168 GWh or 9% less compared to billing determinants, which were used by ERO during their calculations for determination of Maximum Allowed Revenues.

Line	ERO H1	Actual Jan-June (GWh)	Difference (ACT vs ERO H1)	ERO H2	Forecast July-Dec (GWh)	Difference (ACT vs ERO H2)	Total Difference
Sales in TSO	300	263.183	(36)	318	331	14	(23)
Sales in DSO	1,618	1,486	(132)	1,568	1,566	(2)	(134)
Total sales	**1,917**	**1,749**	**(168)**	**1,886**	**1,897**	**11**	**(157)**

Table 4

Nonetheless, KEDS is not foreseeing a notable change of sales in the second semester, since we are expecting different weather conditions compared to the first semester. In this regard, revenues for the year 2014 will be less for 8% or €20 million compared to the ERO approved revenues for the year 2014, as it is represented in the table 5.

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Total	**239,965**	**102,995**	**116,849**	**219,844**	**(20,122)**

Table 5

The difference between ERO approved revenues and Expectations for actual revenues is €20 million, which also includes the delay of the ERO decision for tariff increase starting from 1st of April 2014. This difference should be adjustment with the correction factor KREV, as presented in the table 6 below:

KREV			
Unit	ERO Approved	Extraordinary Review	KREV
€000'	**239,965**	**219,844**	**20,122**

Table 6

Regardless the accident in the Kosovo A, the need for extraordinary review is also due the under-coverage of the Maximum Allowed Revenues.

WHPC Financial Impact and sales for the year 2014

Although ERO was aware for the accidents in PP A, before taking the finale decision for Maximum Allowed Revenue, it did not take into consideration the KEDS comments and has ignored the facts that happened after the accident. In the final version of energy balance for tariff purposes, ERO instead of increasing the import amount in order to balance the lack of generation, it has reduced the import amount and without any argument has increased the production amount for 170 GWh, by worsening the security of electricity supply.

Final financial impact for the Public Supplier, without including other pass-through costs is € 37 million, or 16% compared to the Maximum Allowed Revenues. This impact, as can be seen from the table 7 below, is the result of increased wholesale costs for €17 million in the best case scenario of repairs and correction of the revenues from sales for €20 million. Including other pass through costs, would further enhance the need for tariff increase.

€000'	ERO	Expected actual	Regulatory adjustment
Whole sale cost increase	157,451	174,680	17,228
Revenue adjustment	239,965	219,844	20,122
Total impact			**37,350**
Total PES MAR			239,965
Percentage of impact			**16%**

Table 7

Legal Unbundling

KEDS requires from ERO to consider these important issues, during this extraordinary review, especially because they won't have any financial impact this year. KEDS would like to point out that these important issues to be considered in view of the legally required restructuring of the operations of the company.

ERO board with the Decision V_619_2014 has also approved the guideline for Legal Unbundling, which was sent to KEDS on May 2014. KEDS in its application submitted to ERO, has presented functional unbundling between DSO and PES as requested by the license agreements, and has also represented costs of this unbundling. This reallocation will not have any impact in the tariffs for end-customers in this year, however ignoring this process could create financial problems to independent future license holder.

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Appendix:

Detailed calculations for extraordinary review

Description of Extraordinary Event

After the accident in Kosovo A, whereby two units A4 and A5 are out, generating capacities in Kosovo were not sufficient to fulfill the needs of customers for electricity. Kosovo will have a big difference between local production and consumption, as a result of exit from operation of the Generation Units of PP A after the accidents which occurred on 6th of June 2014.

Two PPA units, A4 and A5 are out of operation, whereas unit A3 although repaired is still unstable for continues production until the end of the year. In these circumstances the lack of production for 411 GWh and the insecure availability of existing capacities, worsen even further the electricity supply for end-customers. Lack of local generation should be covered with additional import, in order to balance the lack of production and demand. Insuring this extra import presents additional cost for the public supplier, which costs were not foreseen in the Maximum Allowed Revenues –MAR of the Supplier, and which exceed the materiality threshold, as it is determined in the PES Pricing Rule.

In order to fulfill the need of customers, the lack of local production is covered with the electricity import, with additional cost from 2 to 3 times higher than the KEK's generation costs. As it is known a part of the imported electricity costs was subsidies by the Kosovo Government until the end of the year 2013, whereas the other part was paid by customers. In the year 2014, Kosovo Government didn't foresee in its budget any subsidy for covering a portion of the cost of electricity import, and as a result the total cost for the electricity imported, as foreseen in the energy balance approved by ERO for the tariff purposes, will be covered by customers. With the aim of keeping tariffs low for end-customers, ERO while

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deciding for the retail tariffs, has decreased the request of public supplier for import as requested.

Impact of the extraordinary review in the wholesale cost

For the period until the end of December 2014 when A4 and A5 units will be back in operation, the lack of electricity will be 411 GWh compared to the ERO approved plan for production, as it is represented in the table 1. Electricity import which is approved by ERO and is included in the tariffs is 450 GWh. Only during the period January-June 2014, 278 GWh were imported, respectively 62% of the amount approved by ERO. Exit from operation of the PPA generation units has resulted with a request for additional import of 450 GWh in order to balance the lack of production and request for electricity, which are not included in the end-retail tariffs. Taking into consideration that during this time Kosovo doesn't have reserve capacities, we have also foreseen the emergency import of 75 GWh for special time and occasions, which might be needed for the unexpected outages of the generation units.

Line	**ERO Approved (GWh)**	Actual Jan-June (GWh)	Forecast July - Dec (GWh)	**Total year (GWh)**	Difference (GWh)
KEK Generation	5,242	2,694	2,137	4,831	(411)
Ujmani and other Hydros	128	76	55	131	2
Import	450	278	546	824	374
Emergency Import			75	75	75
Export	(599)	(389)	(92.5)	(481)	118
Subsidies	-	-	-	-	-
Total	**5,221**	**2,660**	**2,720**	**5,379**	**158**

Table 1

In the economic terms, the best plan for supplying customers with electricity is the one which allows the Public Supplies to fulfill the needs of customers for electricity with the lowest costs. However, political crises in Ukraine might cause difficulties to supply Europe with gas, and as a result the need for electricity import might increase, which further will impact the increase of prices for transmission capacities. This will also affect the high prices for import of the electricity by the Public Suppliers, which will be needed to cover the lack of production of the generation units. In the new circumstance the import price is foreseen to be 65 €/GWh. Total import cost for covering the lack of production is €27.2 million, including the cost of emergency import, which compared to the import cost approved by the ERO represent a 100% increase of the import costs. However, the financial impact in the wholesale cost will be € 17.2 million because of the reduction of payments to KEK due to the lack of electricity production. For the whole year in the best scenario that Kosovo A4 and A5 are back in operations in December (19 million Euro for the second half of the year),. Impact of the lack of production in the wholesale cost is is presented in the table 2. It should be noted that based on information from KEK, in case the units A4-5, KEK is planning to move the repair of A3 from December to October-November and this will increase the volume of needed imports.

Line	ERO approved (€000')	Jan-June (€000')	July - Dec (€000')	Total year (€000')	Difference (€000')
KEK Generation	139,535	69,451	56,896	126,347	(13,189)
Ujmani and other Hydr	4,283	2,395	1,769	4,163	(120)
Import	27,017	14,990	34,192	49,182	22,166
Emergency Import			5,100	5,100	5,100
Export	(17,970)	(12,424)	(2,776)	(15,200)	2,769
Subsidies	-	-	-	-	-
Retail Margin	4,586	2,232	2,855	5,088	502
		-			
Total	**157,451**	**76,644**	**98,036**	**174,680**	**17,228**
2013 adjustment	(15,143)				
Total WHPC	**142,309**				

Table 2

Line	ERO H1	January-June (€000')	Difference (Actual vs ERO H1)	ERO H2	July-December (€000')	Difference (Forecast vs ERO H2)	Total difference
KEK Generation	69,768	69,451	(317)	69,768	56,896	(12,872)	(13,189)
Ujmani and other HPP	2,142	2,395	253	2,142	1,769	(373)	(120)
Import	13,508	14,990	1,482	13,508	34,192	20,684	22,166
Emergency Import	-	-	-	-	5,100	5,100	5,100
Export	(8,985)	(12,424)	(3,439)	(8,985)	(2,776)	6,209	2,769
Subsidies	-	-	-			-	-
Retail Margin	2,293	2,232	(61)	2,293	2,855	562	502
Total	**78,726**	**76,644**	**(2,082)**	**78,726**	**98,036**	**19,310**	**17,228**

Table 2.1

Taking into consideration calculation represented in the table 1 and 2, we can conclude that wholesale price, after the accidents is 32.5 €/MWh, which compared to the ERO approved price presents a 19% increase.

Wholesale Price		
Unit	ERO Approved	Extraordinary Review
€/MWh	**27.3**	**32.5**

Table 3

After the above mentioned calculations, the newly calculated wholesale electricity price should be the base price to be applied for calculating the cost of losses.

Impact of the sales in the Maximum Allowed Revenues

Sales in 2014 were foreseen in the amount of 3,803 GWh. However, due to the weather conditions in the first six months of the year 2014 sales deviated for 168 GWh or 9% less compared to billing determinants, which were used by ERO during their calculations for determination of Maximum Allowed Revenues.

Line	ERO H1	Actual Jan-June (GWh)	Difference (ACT vs ERO H1)	ERO H2	Forecast July-Dec (GWh)	Difference (ACT vs ERO H2)	Total Difference
Sales in TSO	300	263.183	(36)	318	331	14	(23)
Sales in DSO	1,618	1,486	(132)	1,568	1,566	(2)	(134)
Total sales	1,917	1,749	(168)	1,886	1,897	11	(157)

Table 4

Nonetheless, KEDS is not foreseeing a notable change of sales in the second semester, since we are expecting different weather conditions compared to the first semester. In this regard, revenues for the year 2014 will be less for 8% or €20 million compared to the ERO approved revenues for the year 2014, as it is represented in the table 5.

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increase starting from 1st of April 2014. This difference should be adjustment with the correction factor KREV, as presented in the table 6 below:

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