



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

DISTRICT HEATING PUBLIC SUPPLY LICENSE¹

GRANTED TO:

**PUBLICLY OWNED ENTERPRISE
“TERMOKOS” J.S.C.**

Registration Number: ZRRE/Li_12/12

¹ Hereinafter in this License instead of the term “heat” shall be used the technically more appropriate term “district heating thermal energy”.



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CHAPTER I: LICENSE TERMS

1. **The Energy Regulatory Office (hereinafter "ERO")**, in accordance with the authority granted by the Law on Energy Regulator (Law no. 03/L-185), Article 15 of the Law on Energy (Law No. 03/L-184), Article 5 of the Law on Central Heating (Law No. 03/L-116) and the Rule on Licensing of Energy Activities in Kosovo, hereby **modifies to the Publicly Owned Enterprise "Termokos" J.S.C** (hereinafter "Licensee") the **Public Supply District Heating License**.
2. The territory covered by this license is the territory of the Municipality of Prishtina.
3. The Licensee shall comply with Articles and conditions set out in this license, the Law on Central Heating and other applicable legislation.
4. The Licensee shall operate as follows:
 - 4.1 sell thermal energy for heating to regulated customers at regulated prices;
 - 4.2 sell thermal energy for heating to eligible customers in accordance with procedures issued by ERO;
 - 4.3 purchase thermal energy for heating at regulated prices from manufacturers with capacity over 1 MW in accordance with Article 7 of the Law on central heating and Article 41 of the Law on Energy Regulator;
 - 4.4 purchase thermal energy for heating from other manufacturers at unregulated prices;
 - 4.5 bill and collect payments from its customers in accordance with the relevant provisions of the Law on Central Heating and other applicable rules;
 - 4.6 handle the complaints of its customers.
5. The license shall be valid from **04 October 2006** and will continue to be valid for a period of thirty (30) years, until **04 October 2036** with possibility of extension in accordance with the Rule on Licensing of Energy Activities in Kosovo.
6. In accordance with Article 34 paragraph 1 sub-paragraph 1.2 of the Law on Energy Regulator, this license modifies the District Heating Public Supply License with the License number ZRRE/Li_12/06 issued on 04 October 2006 by the Energy Regulatory Office, and shall enter into force on **12.10.2012**.

Stamped with the common stamp of the Energy Regulatory Office on _____.

Signed by Enver Halimi (on behalf of the Board of ERO): _____.



CHAPTER II: LICENSE CONDITIONS

Article 1: Definitions

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

"Member" - direct or indirect relationship with the Licensee, any shareholder company or subsidiary of the Licensee, or any subsidiary of a shareholder company of the Licensee, established under legislation in effect.

"Supply Point" - thermal substation from which the transmission fluid of thermal energy possibly sanitary hot water, is carried to the end user, and where heat is measured with proper metering devices.

"Final customer" - a customer purchasing heating thermal energy for his or her own use;

"Reporting year" – the period from 15 October of the current year until 14 October next year.

"Heat Distribution Network" – a piping system, transporting heating thermal energy from producer to customer.

"Central Heating Enterprise" – a licensed entity that fulfills the licensed activities in accordance with the legislation in force.

"Central Heating System" - integrated and connected system of generation, distribution and supply.

"Legislation" – Law on Energy (Law No. 03 / L - 184), Law on Energy Regulator (Law No. 03 / L - 185), Law on Central Heating (Law No. 03/L-116) and any other primary or secondary legislation regulating the energy sector.

"Metering Code" – summary of rules and procedures that define the manner of reading of meters, calculation of the energy used, billing and collection in the central heating sector.

"Metering Device" – instrument registered in the register for certification of measuring devices, which are used in the manufacturing and supply process of the heating thermal energy.

"Supplier" - a legal or natural person equipped with regular license to contract with a customer regarding the sale or resale of thermal energy for heating.



“Supply” – delivery, sale and resale of heating thermal energy to customers.

“Subsidiary” - any enterprise owned or controlled by another enterprise, defined by the legislation in force in Kosovo.

2. Other terms used in this licence shall have the same meaning as the terms used in applicable legislation.

Article 2: Separate Accounts for Supply Business

1. The Licensee shall prepare and submit to ERO the annual Financial Statements audited by an independent auditor in accordance with applicable local Laws and International Financial Reporting Standards, within the time limits prescribed by the laws in force for financial reporting.
2. The Licensee shall prepare annual Regulatory Statements in accordance with the Instruction for Regulatory Reporting of Central Heating Enterprises, issued by the ERO and will submit a copy of these statements to ERO within three (3) months after the end of the reporting year.
3. The Licensee in its internal accounting will maintain separate accounts for the public supply activities as a whole, which also must be separate for:
 - 3.1 supply of eligible customers at regulated tariffs;
 - 3.2 supply of eligible customers at unregulated tariffs;
 - 3.3 supply of ineligible customers; and
 - 3.4 other activities not related to heating.
4. The Licensee also in its internal accounting, shall keep separate accounting (accounts) allocated to contracts with its customers for the installation, servicing, maintenance and expansion of the secondary network from the apportionment point, in accordance with Article 22 of the Law on Central Heating. If required by ERO from time to time, the Licensee shall provide all accounts in the form and at the date specified by the ERO. The Regulatory accounting shall be maintained in accordance with the Instruction on Regulatory Reporting of Central Heating Enterprises, which among other things may specify:
 - 4.1 the form of regulatory accounting statements / declarations, including, but not limited to the Income Statement (profit / loss, balance sheet, statement of recognized profit and losses, cash flow, balance of thermal power (heat), and the statements on the amounts of annual revenues, costs, assets, liabilities, reserves or supplies that were billed by any other



- activity, or were determined by allocation or distribution between consolidated activities of the Public Supply and other activity;
 - 4.2 the nature and content of the regulatory accounting statements / declarations, including information on specified types of annual revenues, costs, assets or liabilities and information on annual revenues, costs, assets and liabilities from specified activities;
 - 4.3 principles and policies of regulatory accounting (including the basis for allocation of costs).
5. Regarding the regulatory accounting statements/declarations for the financial (reporting) year, the Licensee shall not, in terms of accounting situations in relation to financial years, change the bases of tariffs, apportionment or allocation used in the previous financial year, unless if ERO has previously issued a relevant instruction or gives written approval to change those bases.
 6. The Licensee shall comply with any instruction issued by ERO and the legislation in force.

Article 3: Prohibition of Cross-subsidies

1. The Licensee shall prevent or avoid any situation where the activity of public supplier grants or receives any subsidy or cross-subsidy (direct or indirect) from any other activity of the Licensee or any Subsidiary (partner) or member or any other person.
2. The Licensee shall ensure that it will not allow any cross-subsidy (direct or indirect) between eligible customers at regulated and unregulated tariffs, nor between his eligible and ineligible customers, nor between any other individual customer or customer category, unless at the level approved by the ERO.

Article 4: Prohibition of Discrimination

1. The Licensee shall not supply or offer to supply with heating thermal energy any buyer or person, with the price which is materially more or less favorable than the price at which the supplier supplies or offers to supply heating thermal energy to the comparable buyer.
2. The Licensee at any time shall report to ERO on the circumstances of sale / purchase of heating thermal energy to buyers / sellers, including (not limited to) volume, load factors (capacity), termination conditions, terms and duration of the relevant agreements.

Article 5: Compliance with the Distribution Code, Metering Code and the Rule on General Conditions of Energy Supply

1. The Licensee shall comply in accordance with the provisions of the Distribution Code,



Metering Code and the Rule on General Conditions of Energy Supply

2. The Licensee may seek derogation (postponement) in implementation of those provisions that are inapplicable under paragraph 1 of this Article. ERO, after reviewing the request by the licensee, may allow or refuse the derogation (postponement) of the implementation deadline.

Article 6: Customer Protection

1. The Licensee shall ensure equal and non-discriminatory treatment to all customers, in terms of rights and obligations relating to central heating services.
2. The Licensee is responsible for the protection of its customers, addressing the complaints made in respect of any act, neglect or breach made by the supplier or system operator itself, as well as by making reasonable efforts to resolve these complaints.
3. The Licensee shall provide at least one officer during business hours, to respond to customer questions and requests.
4. The Licensee's officials who are responsible for receiving calls and meeting customers in the office, must be qualified and properly instructed about how to handle in a fast manner the issues relating complaints / disputes and requests for service or to guide to the relevant department.
5. The licensee shall provide a 24-hour service to respond to customer calls regarding customer complaints and requirements.
6. The Licensee shall respond in writing to the requests submitted by customers via telephone, or in writing.
7. The Licensee shall inform its customer for the postal address, phone number, fax number and e-mail address of the information service, which is established and operated for the purpose of receiving reports from any person relating to any matter or incident.

Article 7: Obligations of the Licensee

1. The Licensee shall conduct the licensed activity in Kosovo effectively, economically and in a coordinated manner, in accordance with the legislation in force.
2. The Licensee shall take all necessary measures to implement obligations pursuant to the legislation in force, provisions of this license and agreements concluded with parties.
3. The Licensee shall prepare a commercial contract and will propose it to eligible customers



who have chosen to be supplied by the Public Supplier, in accordance with the Rule on General Conditions of Energy Supply and the Law on Central Heating.

4. The Licensee shall, within the period prescribed by the Law on Central Heating, prepare the Customer Protection Code and shall submit for approval to the ERO.
5. The Licensee shall enter into long-term purchase contracts with manufacturers, to the extent necessary to ensure sufficient supply, in accordance with Article 19 of the Law on Central Heating. These contracts shall be subject to the approval by the ERO.
6. The Licensee shall give priority to the purchase of heating thermal energy to which has been issued a Certificate of Origin in accordance with Article 12 of the Law on Central Heating.

Article 8: Identification and Prevention of Unauthorized Use of Thermal Energy

1. The Licensee shall take all reasonable measures to identify and prevent unauthorized use of heating thermal energy and other offenses defined by the legislation in force.
2. The Licensee shall implement the Procedure for identifying and preventing of unauthorized use of heating thermal energy, approved by the ERO.
3. The Licensee shall take measures to prevent:
 - 3.1. stealing of heating thermal energy in buildings which are supplied by the Licensee;
 - 3.2. damaging or defect of a meter of thermal energy through which it is metered (measured) the supply in buildings;
 - 3.3. interference with any meter of thermal energy through which it is metered (measured) the supply in buildings; and
 - 3.4. any unregistered consumption of thermal energy in buildings supplied by the Licensee.
4. The Licensee shall, in the exercise of his activity, immediately inform the relevant owner / operator of the secondary network or meter of any incident relating to:
 - 4.1. damages or defects in any secondary network pipe or meter;
 - 4.2. interference with the meter (meter); and
 - 4.3. thermal energy consumption in facilities / buildings supplied by the Licensee without being registered.

Article 9: Customer Information

1. The Licensee shall keep informed its customers (unless the customer is supplied with heating thermal energy that does not pass through the meter) for the amount of thermal



energy, that is registered as used by that customer, according to the meter through which the customer is supplied.

2. The Licensee shall keep its customers informed on the Rule on Resolution of Complaints and Disputes in the Energy Sector, and the role of the ERO in settling such disputes.
3. The Licensee shall perform the obligations under paragraphs 1 and 2 of this Article by providing relevant information for each invoice or statement given to the customer regarding the obligations to supply with heating thermal energy.

Article 10: Health and Safety

The Licensee shall take all necessary actions to protect persons from injury and damage that may be caused to them by the Licensee in conducting the Public Supply in accordance with the legislation in force.

Article 11: Labour

With respect to labour and safety at work, the Licensee shall act in conformity with the applicable legislation in Kosovo.

Article 12: Registration and Disposal of Relevant Assets of the Licensee

1. The Licensee shall develop and maintain a register of all relevant assets and shall submit it to ERO, not later than 31 January of every year.
2. The Licensee shall not sell or relinquish from the operational control over any relevant asset, whether it would affect its ability to perform its obligations or if the asset has a replacement value of over one hundred thousand euro (€ 100,000.00).
3. In case the Licensee wishes to sell (dispose of) assets or other property used in the conduct of the licensed activity, where their value exceeds one hundred thousand euro (€ 100,000.00), the Licensee is obliged to notify the ERO in writing and requires the approval of the ERO. The Licensee may dispose any such asset only after written approval by the ERO.
4. The same as in paragraph 2 of this Article shall also apply to the grant of use of assets or other resources used to perform the licensed activity.
5. In this Article:

“Alienation” –any sale, transfer, donation, rent, lease, mortgage, assignment, restrictions of use (physical or legal) or any other payment, as well as allowing any payment towards



any other activity of the Licensee or any third party.

“Relevant Asset” - any equipment and any movable or immovable property used by the Licensee for the exercise of the public supply with heating thermal energy, including any legal or beneficial interest to any land or building, and any intellectual property.

Article 13: Change in Control of the Licensee

1. The Licensee shall notify ERO of any changes expected in control of the Licensee at least sixty (60) days in advance. Changes in control shall not take effect until it is approved by ERO.
2. The Licensee shall notify the ERO of any change in the organizational structure of the Licensee. Such notice shall be given ERO not later than three (3) days from the date of any such change

Article 14: Public Service Obligations

The Licensee shall perform any public services obligations which can be determined by the ERO in accordance with Article 47 of the Law on Energy Regulator and the provisions of the Law on Central Heating.

Article 15: Provision of Information to ERO

1. The Licensee shall submit to ERO information and reports in the manner and on timeframes that ERO may consider necessary
2. The Licensee shall submit to ERO quarterly and annual reports on the activities of the Public Supplier and compliance with Articles and conditions of the License in accordance with the Energy Sector Reporting Manual, approved by ERO.
3. If the Licensee in accordance with the Rule on Confidential Information, requires that certain information to be considered as confidential, then it is his duty to mark such information as confidential and to justify his request to the ERO. ERO will review such a request pursuant to Rule on Confidential Information.
4. ERO has the right to require from the licensee any confidential information, necessary for the performance of its functions and duties in accordance with Article 12 of the Law on Energy Regulator.
5. The Licensee shall submit to ERO details of any changes in the information submitted during the application for this license.



6. In this Article:

"Information" – material in any form and shall include, without limitation, any contract, book, document, record, accounting, calculation (statutory or other), assessment, return or report of any description or any explanation (verbal or written) with respect to these information that may be requested from ERO.

Article 16: Renewal, Modification, Suspension, Transfer and Termination of License

1. ERO may renew, modify, suspend, and terminate this license in accordance with the Law on Energy Regulator, Law on Central Heating and the Rule on Licensing of Energy Activities in Kosovo.
2. ERO may transfer this license in accordance with the Law on Energy Regulator Licensing and Rule on Licensing Energy Activities in Kosovo and other legislation in force, subject to requirement that the license obligations may be performed by the other Licensee and if the customer will not be detriment (brought to a difficult position) due to such a transfer.

Article 17: Fees

The Licensee shall pay to ERO any initial and annual fee determined pursuant to the Rule on Fees, issued by the ERO.

Article 18: Administrative Measures and Fines

1. In case of violation of provisions of applicable legislation including the Rules issued by ERO or Articles of this License or the instructions given to the Licensee by the ERO, ERO has the power to impose administrative measures and fines to the Licensee, in accordance with Article 52 of Law on Energy Regulator and the Rule on Administrative Measures and Fines.
2. Administrative measures and fines may be imposed to the enterprise as a legal entity as well as to responsible persons within the enterprise.
3. The amount of the fine shall be assessed in accordance with the Law on Energy Regulator and the Rule on the Administrative Measures and Fines.



Article 19: Dispute Settlement

1. Any dispute that may arise or is related to licensed activities shall be resolved in accordance with the Rules on Resolution of Disputes and Appeals in the Energy Sector, issued by ERO.
2. Decisions of ERO related to renewal, modification, suspension, termination and transfer of license as well as decisions on fines as a consequence of license conditions violations or violations of applicable legislation, may be challenged by the Licensee at the competent court, in conformity with the applicable legislation.