



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

ELECTRICITY IMPORT AND EXPORT LICENSE

GRANTED TO:

“HEP – KS” SH.P.K

Registration Number: ZRRE/Li_38/12



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CHAPTER I : TERMS OF THE LICENSE

1. **Energy Regulatory Office (hereinafter “ERO”)**, in conformity with the authority vested under Article 14 paragraph 2, subparagraph 2.2 of the Law on Energy Regulator (Law No. 03/L-185), Article 15 of the Law on Energy (Law no. 03/L-184), Article 34 of the Law on Electricity (Law No. 03/L – 201) and Rule on Licensing of Energy Activities in Kosovo hereby issues to the **“HEP-KS SH.P.K”** (hereinafter “the Licensee”) the **Electricity import and export license**.
2. Territory covered by this license is the entire territory of the Republic of Kosovo.
3. The license is issued for sale and purchase of electricity in a total capacity of **up to 100 MW**.
4. The licensee shall carry out the licensed activity in Kosovo in accordance with the applicable legislation.
5. The licensee may:
 - 5.1. purchase capacity and electricity from producers at unregulated prices;
 - 5.2. purchase and sell capacity and electricity from other suppliers at unregulated prices;
 - 5.3. purchase capacity and electricity from the public supplier, if the sale of capacities and electricity is allowed to the public supplier by the license and legislation in force;
 - 5.4. sell capacity and electricity to the public supplier at unregulated price;
 - 5.5. import, export and transit capacity and electricity;
6. The license is valid from **November 30th, 2012** and shall continue to be valid until **November 30th, 2017**, with the possibility of renewal, in line with Rule on licensing of energy activities in Kosovo.

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 force.

"Export of electricity" - transmission of electricity from Kosovo to another country, in the sense that at the same time the electricity will be accepted from that country.

"Import of electricity" - acceptance of electricity in Kosovo from another country, in the sense that at the same time the electricity will be accepted.

"Financial Year" – period from 1 January to 31 December of the same calendar year.

"Joint Stock Company" - a company defined as such in accordance with applicable law in Kosovo.

"Legislation" – Law on Energy (Law No. 03 / L - 184), Law on Energy Regulator (Law No. 03 / L - 185), Law on Electricity (Law No. 03 / L - 201) and any other primary or secondary legislation regulating the energy sector.

"Market Rules" - rules adopted by the ERO to determine the functioning of the electricity market and the relationship between the market operator and market participants, as well as interactions between these parties and the Transmission System Operator.

"Codes" - the technical rules developed by the Transmission System Operator and Distribution System Operator under the Law on Electricity and approved by the ERO, in accordance with the Law on Energy

"Power Purchase Agreement" – an agreement for purchase of electricity with the producer of energy in accordance with Article 18 on of the Law on Electricity.

"Subsidiary" - any enterprise owned or controlled by another enterprise, as defined by the applicable law in Kosovo

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



Article 2: Prohibition of subsidies and cross-subsidies

The Licensee shall prevent or avoid any situation where the import or export activities award or obtain any subsidy or cross-subsidy (direct or indirect) from any other activity of the Licensee and / or any Subsidiary (partner) or any member and / or from any other person other.

Article 3: Compliance with the Distribution Code, the Grid Code, the Metering Code and the Rule on General Conditions of Energy Supply

1. The Licensee shall comply with the provisions of the Distribution Code, the Grid Code, the 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 application by the licensee, may allow or refuse the derogation (postponement) of the implementation deadline.

Article 4: Market Rules

1. The Licensee shall act in conformity with the applicable Market Rules.
2. The Licensee may seek derogation (postponement) in implementation of certain provisions of the Market Rules. And, ERO after reviewing the request can allow or reject the derogation (postponement) of the implementation deadline.

Article 5: Health and Safety

The Licensee shall take all actions necessary to protect persons from injuries that may be caused to them by the Licensee while performing the activity of import and export of electricity, pursuant with applicable legislation.

Article 6: Labour

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

Article 7: Change in Control of the Licensee

1. The Licensee shall notify ERO of any changes expected in control 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 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

Neni 8: Sigurimi i Informacioneve ndaj ZRRE-së

1. The Licensee shall submit to ERO information and reports relating to energy contracts with other enterprises licensed by the ERO, in the manner and on timeframes that ERO will require.
2. If the Licensee, in accordance with the Rule on Confidential Information requires certain information to be considered as confidential, it is obliged to mark such information as confidential and to justify its request to the ERO. ERO will review such a request pursuant to the Rule on Confidential Information.
3. Energy Regulatory Office is entitled to ask of Licensee any confidential information, necessary for performance of its functions and duties in accordance with Article 12 of the Law on Energy Regulator.
4. The Licensee shall appoint a person through whom it will communicate with Transmission System and Market Operator. The address, phone number, fax number or electronic mail address of such person shall be submitted to the Transmission System and Market Operator.
5. The Licensee shall hand over to ERO details of any changes in information submitted in the course of application for this license.

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 9: Renewal, Modification, Suspension, Transfer and Termination of the License

1. ERO may renew, modify, suspend, and terminate this license in accordance with the Law on Energy Regulator 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, ensuring that the license obligations may be performed by the other Licensee and if the customers will not be detriment due to such a transfer.

Article 10: Fees

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

Article 11: 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 Action 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 12: Settlement Dispute

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 violations of license conditions or violations of applicable legislation, may be challenged by the Licensee at the competent Court, in conformity with the applicable legislation.