



Prishtina, 30 June 2014
ERO Code: V_638_2014

The Board of Energy Regulatory Office,

Based on:

- Provisions of Article 8 paragraph 1 subparagraph 1.6, Article 14 paragraph 2 subparagraph 2.6 and 2.16, Articles 25, Article 32 and Article 43 of the Law on Energy Regulator No. 03/L-185;
- The Rule on Public Electricity Supplier Pricing (PES Pricing Rule);
- The Rule on Regulated Generator Pricing (Generation Pricing Rule);
- The Rule on Distribution System Operator Pricing (DSO Pricing Rule);
- Rule on Transmission System Operator and Market Operator Pricing (TSO/MO Pricing Rule)
- Application of KEDS submitted under the Eighth Electricity Tariff Review;
- Provisions of Article 4 and Article 9 of the DSO License;
- Provisions of Article 2.1, paragraph 2.1.3; Article 4.2.1, Article 4.5.2, Article 4.8.4, Article 4.9.1, Article 4.10.1, Article 4.10.4, Article 4.10.7, Article 5.5.1 and 5.9.3 of Metering Code;
- Provisions of Article 2.4.1 and 2.11.3 of the Distribution Code; and
- Application dated 26 June 2014 of KEDS submitted to ERO for approval of regulated retail tariffs.

Following the review of relevant submissions and documents and based on the abovementioned legal provisions, in **its session held on 30 June 2014, issued the following:**

DECISION

- I **Approving** the electricity retail tariffs and charges of regulated customers for the relevant tariff years ETR8 to be implemented by the licensee effective from 1 July 2014.

Justification

- o The Energy Regulatory Office (ERO) on 26 June 2014 received from KEDS the application for review of the regulated electricity retail tariffs;
- o In order to set up the electricity retail tariffs for regulated customers, ERO took into consideration adopted and published documents in its website as well as clarification meetings held with the Licensees during February-May 2014. These documents are as follows:



- Evaluation Report –Maximum Allowed Revenues Calculation of the Regulated Generator published on 15 May 2014
- Final Report – Whole Sale Power Costs Calculations published on 24 June 2014
- Final Report – KOSTT J.S.C. MAR Calculations published on 24 June 2014;
- Final Report – DSO MAR Calculations published on 24 June 2014;
- Response to KEDS Comments – Calculations of the Maximum Allowed Revenues published on 24 June 2014;
- Final Report – Maximum Allowed Revenues Calculation of the Public Electricity Supplier (PES) published on 24 June 2014
- Billing indicators approved by ERO for the Relevant tariff year 2014-2015.

In setting up the final retail electricity tariffs, ERO takes into consideration the Electricity Maximum Allowed Revenues in order to cover reasonable costs for providing regulated services as well as estimated consumption for each tariff category through which the MAR will be recovered.

The ratio of the high tariff against the low tariff leads to the final retail tariff (€/kWh). In their role as a Public Electricity Supplier, KEDS submits to ERO – during each Annual Adjustment – their own forecast of the consumption of electricity for the forthcoming Relevant Year. In fact, following numerous meetings and discussions with KEDS, ERO has come to understand that the data submitted by KEDS has in fact been billing data rather than consumption data. An electricity unit may be billed at a low tariff although it may have been consumed at a high tariff due to the fact that the meters are not synchronized with real time - a situation which has generally favored household customers with mechanical metering devices.

Data obtained from the Transmission, System and Market Operator suggest that the energy entering the distribution is heavily biased towards the peak tariff (around 70% high tariff vs. 30% low tariff) whereas KEDS expect this ratio to be almost equal (55% on the high tariff vs. 45% on the low tariff). KEDS would therefore be able to achieve a higher level of MAR with the existing level of tariffs if they are able to properly apply the approved tariff structure and bill the electricity at the proper time-slot when it is consumed.

Data on actual billing provided by KEDS suggests that the proportion of electricity billed under the high tariff and that billed under the low tariff has not changed significantly over the past 4 years as the share of electricity billed under the high tariff in 2013 is only 2% higher than the one in 2010 (48% in 2013 against 46% in 2010).

The overall high tariff billing ratio of 48% achieved by KEDS in 2013 could have been improved had they managed to install the 66,000 meters for which they received an Allowed Return in MAR 2013. KEDS indicated that in 2013, they have installed around 50% of new electronic meters. Therefore, through the approved billing indicators (68.5% for higher tariff and 31.5 for lower tariff), ERO should increase incentives for KEDS in order to install electronic meters and to avoid billing issues.



- II. Based on legal provisions stated in the introductory part of this Decision and following the review of all relevant submissions and documents, the Board of ERO decided as in enacting clause of this decision.
- III. The ERO Board did not reach any agreement on change of the tariff structure for this year and the same one continues to be in force.
The retail electricity tariff structure for regulated customers which will be implemented effectively from 1 July 2014, respectively in the Relevant tariff years ETR8 is provided in the table below.

Tariff Group	Voltage level of supply	Tariff elements	Unit	Time-of-day	Approved 2014	
					High Season	Low Season
					1 October - 31 March	1 April - 31 September
0-1	220kV	Standing (customer) charge	€/customer/month		190.87	
		Power engaged	€/kW/month		15.10	
		Active energy (P)	€/kWh		2.33	
0-2	110kV	Standing (customer) charge	€/customer/month		95.44	
		Power engaged	€/kW/month		6.37	6.37
		Active energy (P), of which:	€/kWh	High tariff	7.39	2.19
			€/kWh	Low tariff	3.07	1.80
		Reactive energy (Q)	€/kVArh		0.00	0.00
1	35kV	Standing (customer) charge	€/customer/month		12.62	
		Power engaged	€/kW		6.62	6.62
		Active energy (P), of which:	€/kWh	High tariff	7.73	3.35
			€/kWh	Low tariff	4.09	3.01
		Reactive energy (Q)	€/kVArh		0.75	0.75
2	10kV	Standing (customer) charge	€/customer/month		5.22	
		Power engaged	€/kW		5.70	5.70
		Active energy (P), of which:	€/kWh	High tariff	8.66	3.86
			€/kWh	Low tariff	4.66	3.51
		Reactive energy (Q)	€/kVArh		0.75	0.75
3	0.4 kV Category I (large reactive power consumers)	Standing (customer) charge	€/customer/month		2.94	
		Power engaged	€/kW		3.31	3.31
		Active energy (P), of which:	€/kWh	High tariff	9.62	5.34
			€/kWh	Low tariff	6.06	5.04
		Reactive energy (Q)	€/kVArh		0.75	0.75
4	0.4kV Category II	Standing (customer) charge	€/customer/month		3.33	
		Active energy (P)	€/kWh	Single tariff	11.85	7.66
		Active energy (P), of which:	€/kWh	High tariff	14.26	9.35
			€/kWh	Low tariff	7.13	4.66
5	0.4kV Domestic 2-rate meter	Standing (customer) charge	€/customer/month		2.37	
		Active energy (P), for consumption:				
		<200kWh/month (First block):	€/kWh	High tariff	5.28	3.80
			€/kWh	Low tariff	2.66	1.89
		200-600kWh/month (Second block)	€/kWh	High tariff	7.32	5.24
			€/kWh	Low tariff	3.67	2.62
		>600 kWh/month (Third block):	€/kWh	High tariff	10.62	7.60
€/kWh	Low tariff		5.30	3.82		
6	0.4kV Domestic 1-rate meter	Standing (customer) charge	€/customer/month		2.37	
		Active energy (P), for consumption:				
		<200kWh/month (First block):	€/kWh	Single tariff	4.72	3.37
		200-600kWh/month (Second block)	€/kWh	Single tariff	6.53	4.66
		>600 kWh/month (Third block):	€/kWh	Single tariff	9.46	6.79
7	0.4kV (domestic unmetered)	Estimated consumption:				
		<200 kWh/month	€/customer/month		24.48	
		200-600 kWh/month	€/customer/month		44.31	
		>600 kWh/month	€/customer/month		74.66	
8	Public lighting	Standing (customer) charge	€/customer/month		3.33	
		Active energy (P), for consumption:	€/kWh	Single tariff	9.59	

*Tariff applies 07:00-22:00 Monday-Saturday during the High Season and 08:00-23:00 Monday-Saturday during the Low Season
Customers are charged reactive energy over allowed, corresponding with $\cos(\Phi)=0.95$*



- IV. This Decision shall enter into force on the date of its approval by the ERO Board and shall be published in the official website of ERO.
- V. The Decision shall be issued in Albanian language and will be translated into Serbian and English. In the event of any discrepancy between the versions, the version in Albanian shall prevail.

Legal Remedy: The party dissatisfied with this Decision may initiate an administrative dispute at the Competent Court, within thirty (30) days from the date of receipt of the Decision or the date of its publication in the ERO website, whichever occurs last.

Board of ERO

Enver Halimi, Chairperson

Merita Kostari, Member

Krenar Bujupi, Member