



EUROPEAN UNION

Central Regulatory Unit Energy Regulatory Office



Temporary Instruction No. 02/2004 On the Terms and Procedure for New Connections to the District Heating Distribution Network

CHAPTER 1 General Provisions

Article 1

In accordance to the UNMIK/REG/2000/49 On the Establishment of the Administrative Department of Public Utilities, the Central Regulatory Unit/Energy Regulatory Office issues the Instruction on the Terms and Procedure for New Connections to the District Heating Distribution Network (“the Instruction”)

Article 2 Scope

- 2.1 This Instruction determines the terms and procedure for new connections to the district heating distribution network in the transitional period until the Law on District Heating and the related secondary legislation is enforced.
- 2.2 This is the temporary Instruction and will be valid until superseded by the Rule On General Conditions of Energy Supply
- 2.3. The terms used in this Instruction shall have the same meanings as in the Law on the Energy Regulator No.2004/9, UNMIK Regulation 2004/20, dated 30 June 2004.

Article 3 Definition

- 3.1 The new connection consists of the connection to the heat distribution network with the customer’s equipment. It starts at the branch of the distribution network and ends at the delivery point unless another agreement is made.
- 3.2 The connection up to the delivery point belongs to the operating heat enterprise and is the property of the said enterprise.

CHAPTER 2 Procedure for Connection of New Customers to the DH Network

Article 4 Commencement of the Procedure

- 4.1 Every customer located in a service area covered by a heat enterprise shall have the right, where it is technically and economically feasible to connect his heat facilities end equipment to the DH network, if this customer meets the following conditions:
- (a) Owns or have full responsibility to operate the secondary internal network delivering heat to the final users, satisfying the technical and operational safety requirements;
 - (b) Satisfies the conditions for connection to the distribution network; and
 - (c) Has signed a written contract for connection with the supplier.
- 4.2 Every potential customer being a legal owner of the building to be connected to DH network can apply to the heat enterprise for Conditions of Connection.
- 4.3 Customers shall not have the right to connection if the connection conditions have not been met or the connection would lead to major disturbances in supply or would impose disproportionately high costs on the supplier.
- 4.4 A heat enterprise may refuse temporarily to connect a customer to the heat system if it determines that the facilities, equipment or distribution network fail to meet the technical standards or other conditions. A customer shall be informed in writing of the reason for any such refusal.

Article 5 Application for Conditions of Connection

- 5.1 An application form for Conditions of Connection shall be issued by the heat enterprise.
- 5.2 An application for Conditions of Connection shall specify:
- a) The name of the applicant;
 - b) Type and parameters of customer's secondary system;
 - c) Heat capacity to be contracted;
 - d) Information on yearly heat demand per square meter of heated surface and technical characteristic of the building (volume and surface of heated rooms, ventilation system, design heat losses);
 - e) Commencement of heat delivery proposed by the customer.
- 5.3 The applicant shall submit to the heat enterprise in a form of attachment the following documents:
- a) Stating an ownership over or legal right to use the building to be connected to the DH network;

- b) Situation plan showing the location of the building to be connected toward the existing DH network and other underground installation.

Article 6 Conditions of Connections

6.1 Conditions of Connection issued by the heat enterprise shall define:

- a) A place and a way how the sub-station will be connected to the supply pipeline;
- b) Ownership limits of installation inside the sub-station room;
- c) Design flow of heat carrier and regulating tables;
- d) Requirements concerning:
 - Layout for the substation;
 - Location for the control valve to regulate the flow of heat carrier and location for the heat meter;
 - Location for the meter of make-up water supplying the secondary system.
- e) Other information necessary for designing of sub-station and secondary system;
- f) Validity of the Conditions of Connection.

6.2 The heat enterprise shall issue the conditions of connection within 30 days from the date of receipt of the application defined in Article 5. A draft connection contract shall be attached.

6.3 The Conditions of Connection shall be valid two years after the conditions are issued.

Article 7 Connection Contract

7.1 Connection Contract, concluded between the heat enterprise and the customer, shall define:

- a) parties concluding the contract;
- b) scope of designing, construction, test and commissioning works performed by parties;
- c) way of coordination of works performed by parties and control of requirements defined in the conditions of connection;
- d) time limits for finishing of construction works for the connection, sub-station and secondary system as well for tests and commissioning;
- e) way of financing the new connection, sub-station and secondary system and way of calculation of related costs;
- f) expected date for commencement of heat delivery;
- g) responsibility of both parties in a case when contract conditions are not kept;
- h) responsibility for maintenance and repairs of sub-station and secondary system;
- i) obligation of the customer to make available free of charge a suitable room or place to install equipment of sub-station;
- j) obligation of the customer to enable an access to the sub-station for reading and inspection of metering devices.

CHAPTER 3 Commencement of Works

Article 8 General Terms

- 8.1 Connection Contract is a base and obligation to commence the related designing and construction works within two months after the contract is signed.
- 8.2 Tests and commissioning of the new connection, sub-station and secondary system shall be done with presence of representatives from both parties.
- 8.3 In a case when connection works were finished before the heating season, related tests and final commissioning can be done during the heating season on time agreed by both parties, after commencement of heat delivery to the new connected customer.
- 8.4 Results of tests and commissioning should be confirmed by protocols signed by both parties. Form of protocol is issued by the heat enterprise.

Article 9 Obligations of the Customer

- 9.1 The customer is obliged to enable free of charge access for authorized persons to perform construction works within his premises.
- 9.2 The customer shall give access free of charge to his rooms or places where an equipment of sub-station will be installed and shall cover costs related to its maintenance.

Article 10 Obligations of the Heat Enterprise

- 10.1 The heat enterprise is obliged to notify the customer about the time of forecasted works in an advance sufficient for preparation customer's premises. Disposition of notification should be defined in the connection contract;
- 10.2 The heat enterprise or its representatives shall connect the customer's equipment to the distribution network and put it into service.

CHAPTER 4 Connection Fee

Article 11 Cost of Connection

- 11.1 Expenses being base for calculation of the new connection cost contain:
 - a. Design and engineering costs for the connection
 - b. Purchase of material
 - c. Digging a connection trench between the existing network and the point of connection
 - d. Work of installing and connecting the new pipeline
 - e. Costs of filling the trench, including rehabilitation of the surface to its original condition

- f. Cost for connecting the customer's equipment to the distribution network and putting it into service
- g. Test and commissioning of the new connection
- h. Financial costs.

11.2 Heat enterprises are obliged to provide reasonable and efficient cost of connection; it is on the discretion of the Energy Regulatory Office to perform benchmarking comparison of heat enterprises regarding cost of connection.

Article 12 Calculation of Unit Cost of Connection

12.1 Unit cost of connection shall be calculated for every size (diameter) of pipelines based on the formula:

$$U_{con_i} = K_{con_i} : L_{con_i}$$

where:

U_{con_i}	Unit cost of connection by pipelines of diameter "i"	€/ m
K_{con_i}	Yearly total costs for new connections made using pipelines of diameter "i"	€/ year
L_{con_i}	Yearly total length of new connections made using pipelines of diameter "i"	m / year

Article 13 Calculation of the Total Cost of Connection

13.1 The total cost of every individual connection shall be calculated according to the formula:

$$P_{con} = U_{con} \times l_{con}$$

where:

P_{con}	Total cost of the new connection	€
U_{con}	Unit cost of connection for the defined pipeline diameter	€/ m
l_{con}	Length of the pipeline for the new connection	m

Article 14 Connection Fee to be Paid by the Customer

- 14.1 Connection fee is a participation of the customer in the total cost of the new connection. It shall be calculated according to the formula:

$$F_{\text{con}} = k_p \times P_{\text{con}}$$

where:

F_{con}	Connection fee to be paid by the customer	€
k_p	Coefficient of customer's participation in the total costs of the new connection	--
P_{con}	Total price of the new connection	€

- 14.2 Coefficient of customer participation **k_p** shall be in the range from 0.3 - 0.6; It is in the discretion of the heat enterprises to decide on the exact value of the **k_p** within the range, depending on local conditions of connections in every individual case.

CHAPTER 5 Final Provisions

Article 15 Investigations

- 15.1 The Energy Regulatory Office shall conduct regular investigations, for the purpose of evaluation of the reported and estimated financial information submitted by the district heating enterprises.

Article 16 Language and Entrance Into Force

- 16.1. Applications and attachments stipulated under this Instruction shall be completed in one of the languages officially in use in Kosovo. The applicant shall translate documents that are not in Albanian, Serbian or English language.
- 16.2. The present Instruction shall apply upon its signature.

Director of the Central Regulatory Unit

Bjorn Hauksson

Date: 28 September 2004

