

Prishtina, 15th March 2007
ERO Code: D_41_2007

The Board of the Energy Regulatory Office

Has received an application from KOSTT JSC for the approval of proposed the transmission tariffs, to take effect from 1st April 2007.

Taking into account:

1. Its duties under Articles 45 to 48 of Law No. 2004/9 “On the Energy Regulator” and, in particular, the requirements under Article 46.2 that:
 - a). prices shall be reasonable, non-discriminatory, based on objective criteria, and determined in a transparent manner;
 - b). prices shall be primarily dependent upon the justified costs, including no recoverable stranded costs related to the transition to a competitive energy market, and including a reasonable return of investment;
 - c). the Energy Regulatory Office shall be permitted to establish performance-based rates;
 - g). cross-subsidies of activities of integrated enterprises shall not be permitted;
2. The provisions of the Rule on Principles of Calculation of Tariffs in the Electricity Sector (the “Pricing Rule”) and the Tariff Methodology.
3. The ERO Board decision of 21st December 2006 (D_29_2006) setting allowed revenues to be recovered by KOSTT JSC from regulated retail tariffs for 2007 at EUR13.678.000.

Has:

1. Confirmed the compliance of the proposed transmission tariffs with the allowed revenues previously approved by the ERO Board, on the basis that the new retail tariffs will apply between 1st April and 31st December 2007.

And, in the Board Session of 15th March 2007, has decided to:

1. Approve the attached transmission tariffs for implementation by KOSTT JSC from 1st April 2007, as analyzed by the ERO Board.

2. This decisions shall be published by KOSTT J.S.C in at last one local daily newspaper of wide circulation in Kosovo within 5 working days after ERO's announcement and publication of the decision on the official ERO web – site.
 3. This Decision is issued in Albanian, Serbian and English language. In case of dispute between the different languages the English version shall prevail.
 4. Against this Decision the unsatisfied party may submit its complaint in the Court of relevant jurisdiction within 14 days upon its adoption and publishing on official web site of ERO.
- 7.This Decision becomes effective on 20th of March 2007.

Board of ERO

Ali Hamiti
Chairman of the Board of ERO

Merita Kostari
Member of the Board

Theranda Beqiri
Member of the Board

Naim Bejtullahu
Member of the Board

Nysret Avdiu
Member of the Board

Attachment: Approved KOSTT JSC regulated retail tariffs

Proposed tariff (amended or existing where retained)	Qualifying basis (e.g. voltage level or nature of customer)	Basis of charging (e.g. kW/month, kWh or customer)	Unit charge under Traiff		
			Euro/charging basis		
			2007 Application	2008 forecast	2009 forecast
Use of network charge 400 /	400/220 kV	kW/a (peak load)	3.119	4.795	6.642
Use of network charge 110 k	110 kV	kW/a (peak load)	7.001	10.330	13.620
System operation charge	transmission	MWh	0.872	0.833	0.818
Market operation charge	transmission	MWh	0.013	0.013	0.015