

**REGULATION NO. 2004/22**

**ON THE PROMULGATION OF  
A LAW ADOPTED BY THE ASSEMBLY OF KOSOVO  
ON ELECTRICITY**

The Special Representative of the Secretary-General,

Pursuant to the authority given to him under United Nations Security Council resolution (UNSCR) 1244 (1999) of 10 June 1999,

In conformity with sections 8.1, 9.1.44 and 9.1.45 of the Constitutional Framework for Provisional Self-Government in Kosovo (UNMIK Regulation No. 2001/9),

Taking into account a communication from the President of the Assembly of Kosovo, dated 20 May 2004, concerning the Law on Electricity adopted by the Assembly of Kosovo on 29 April 2004,

Noting the reserved powers and responsibilities of the Special Representative of the Secretary-General under sections 8.1 (q) and (r) of the Constitutional Framework for Provisional Self-Government in Kosovo,

Recalling and without prejudice to UNMIK Regulation No. 2002/12 of 13 June 2002 on the Establishment of the Kosovo Trust Agency,

A. Hereby promulgates effective as of the date of signature, subject to section B below, the Law on Electricity (Law No. 2004/10) attached to the present Regulation, and

B. Determines that:

(a) The provisions of the Law shall be without prejudice to the authority of the Special Representative of the Secretary-General in respect of his reserved powers and responsibilities under the Constitutional Framework for Provisional Self-Government in Kosovo;

(b) The following first preambular paragraph shall be deleted: “Pursuant to the authority given to him under United Nations Security Council Resolution 1244 (1999) of 10 June 1999”;

(b) The words “to a third country” and “in the third country” in the definition of the term “export of electricity” in Article 3.1 shall be replaced with “to a country” and “in that country”, respectively;

(c) The words “enterprise, domestic or foreign” in Article 22.1 shall be replaced with the words “enterprise incorporated in or outside of Kosovo”;

(d) The words “from the date of its appointment by the Government” in Articles 12.1, 17.1 and 27.1 shall be replaced with the words “from the date the Energy Regulatory Office has issued relevant rules under the Law on the Energy Regulator”;

(e) The words “within 90 days of the promulgation of this Law” in Article 38.6 shall be replaced with the words “in accordance with the rules on licensing issued by the Energy Regulatory Office under the Law on the Energy Regulator”;

(f) The term “Ministry” used throughout the Law shall be deleted and replaced by the term “Government Office or Entity”; and

(g) The terms (i) “distribution network”, (ii) “distribution system”, (iii) “transmission network” and (iv) “transmission system” used in the Law, the Law on the Energy Regulator (UNMIK Regulation No. 2004/20) and the Law on Energy (UNMIK Regulation No. 2004/21) shall be interpreted to be used interchangeably between (i) and (ii), and (iii) and (iv), respectively.

These changes shall be reflected in the final official text of the Law.

Signed on this 30<sup>th</sup> day of June 2004.

Charles Brayshaw  
Acting Special Representative of the Secretary-General



PROVISIONAL INSTITUTIONS OF SELF GOVERNMENT

**KUVENDI I KOSOVËS**  
**СКУПШТИНА КОСОВА**  
**ASSEMBLY OF KOSOVO**

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**Law No. 2004/ 10**

**Law on Electricity**

The Assembly of Kosovo,

Pursuant to the authority given to him under United Nations Security Council Resolution 1244 (1999) of 10 June 1999,

Taking into account United Nations Interim Administration Mission in Kosovo (UNMIK) Regulation 1999/1 of 25 July 1999, on the Authority of the Interim Administration in Kosovo,

Based on the authority granted to the Provisional Institutions of Self-Government by UNMIK Regulation No. 2001/9 of 15 May 2001, "On a Constitutional Framework of Self-Government," in particular Section 5.1 (d) and 9.1.26 (a) thereof,

Taking into account the authority reserved to the Special Representative of the Secretary General pursuant to Section 8.1(q) of the Constitutional Framework,

Recognizing the need to establish standards and conditions for the integrated system of electricity generation, transmission, distribution, and supply in order to achieve a competitive and sustainable market in electricity,

Hereby adopts the following:

**LAW ON ELECTRICITY**

**Chapter 1**  
**General Provisions**

Article 1

This Law establishes the conditions for performing the generation, transmission, distribution, supply, trade, import, export, and transit of electricity; the organization of access to the networks, and the organization of the electricity market.

## Article 2

The purposes of this law are:

- a). to achieve a competitive and sustainable market in electricity;
- b). to guarantee the conditions for a safe, reliable, efficient and permanent supply of electricity;
- c). to ensure that, when technically and economically feasible, all final customers enjoy a universal service, that is a the right to be supplied electricity of a specified quantity within Kosovo at a reasonable price.

## Article 3

3.1. The following terms used in this law shall have the following meanings:

**“ancillary services”** means all services necessary for the operation of a transmission or distribution network;

**“auxiliary networks”** means all networks for control, regulation, protection, communication and information necessary for the effective functioning of the transmission and distribution networks;

**“certificate of origin”** means a document issued by the Energy Regulatory Office evidencing the usage of renewable energy resources or waste for the generation of electricity or the co-generation of heat and electricity;

**“direct line”** means either an electricity line which connects an isolated production site with an isolated customer; or an electricity line which connects an electricity producer and an electricity supply enterprise to a direct supply for their own premises, subsidiaries and eligible customers;

**“dispatching”** means the operations required to circulate, transmit, import, or export electricity in the electricity power system to ensure the adaptation of generation of electricity to consumption;

**“distribution”** means the transport of electricity on high-voltage, medium voltage and low voltage distributions networks with a view to its delivery to customers, but not including supply;

**“distribution network operator”** means an electricity enterprise responsible for operating, ensuring the maintenance of and, if necessary, developing the distribution system in a given area and, where applicable, its interconnections with other systems and for ensuring the long-term ability of the system to meet reasonable demands for the distribution of electricity;

**“distribution network”** means a combination of electricity power lines and electricity units of medium and low voltage to serve the distribution of electricity;

**“electricity enterprise”** means a business organization which performs one or more of the activities of generation, transmission, distribution, supply, trade of electricity on the

basis of a license granted by the Energy Regulatory Office or without a license if no license is required;

“**electricity site**” means a generation installation or electricity power plant, as well as its auxiliary networks and installations, the transmission network and its transformer stations, distribution systems, directly connected customer equipment, inter-connector circuits, and direct lines;

“**eligible customer**” means a customer who is free to purchase electricity from the supplier of their choice;

“**export of electricity**” means the transmission of electricity from Kosovo to a third country on the understanding that simultaneous corresponding take-up of electricity will take place in the third country;

“**final customer**” means a customer purchasing electricity for their own use;

“**generation**” means the production of electricity;

“**inter-connectors**” means equipment used to link electricity systems;

“**interconnected system**” means a number of transmission and distribution systems linked together by means of one or more inter-connectors;

“**import of electricity**” means the take-up of electricity in Kosovo transmitted from another country;

“**KEK**” means the Korporata Energetike e Kosoves established in Kosovo with its headquarters in Pristina;

“**metering device**” means an instrument registered in the register of certified metering equipment in Kosovo and used in the process of electricity supply;

“**MW**” means the amount of megawatt capacity of electricity;

“**organized market**” means an organized range of transactions and commercial relations in the trade of electricity where the place, time, and method for concluding the transactions and establishing the commercial relations are known publicly and have been previously announced in the trading rules;

“**producer**” means a natural or legal person generating electricity;

“**public supply**” means the sale of electricity by a public supplier to non-eligible customers;

“**reciprocity**” means that the terms of access to a network are reciprocal to those of Kosovo and that an eligible customer in another country is considered eligible in both systems involved;

“**supply**” means the sale, including resale, of electricity to customers;

“**system users**” means any natural or legal persons supplying to, or being supplied by, a transmission or distribution network;

“**trade**” means the sale and purchase transactions conducted under a license by a trader;

“**transit**” means the transportation of energy across a national border without generation or consumption within that country;

“**transmission**” means the transport of electricity on the extra high-voltage and high-voltage interconnected system with a view to its delivery to final customers or distributors, but not including supply;

“**transmission network**” means a combination of electricity power lines and electricity units of high voltage serving the transmission of electricity;

“**transmission network operator**” means a natural or legal person responsible for operating, ensuring the maintenance of and, if necessary, developing the transmission network in a given area and, where applicable, its interconnections with other networks, and for ensuring the long-term ability of the system to meet reasonable demands for the transmission of electricity;

“**vertically integrated enterprise**” means an electricity enterprise which performs at least one of the functions of transmission or distribution and at least one of the functions of generation or supply of electricity;

3.2. The other terms in this Law shall have the same meaning stipulated in the Law on Energy or the Energy Regulator.

## **Chapter 2 Electricity Power System**

### Article 4

4.1. All electricity sites connected to the transmission or distribution networks in Kosovo shall be operate as a single electricity power system with a common and continuous duty of generation, transmission, distribution, and supply of electricity.

4.2. The electricity power system in Kosovo shall operate in parallel with, and may be interconnected with, the electricity power systems of Albania and other countries in the Regional Electricity Market whose electricity power systems comply with technical standards and safety requirements recognized by the European Union.

## **Chapter 3 Generation of Electricity**

### Article 5

The generation of electricity shall be carried out by an electricity enterprise with a generation license or a natural or legal person exempt from holding a license in accordance with the Law on the Energy Regulator.

## Article 6

A producer of electricity shall be entitled to:

- a) use in their power plants those primary energy sources it deems most suitable, provided that it complies with the outputs, technical characteristics, and environmental conditions contained in their licenses and relevant laws, regulations, codes or rules;
- b) connect their power plant to the transmission or distribution network under the conditions established in this Law and the relevant codes and rules;
- c) conclude contracts for the sale of electricity under the terms of this Law, and the rules prescribed by the Energy Regulatory Office;
- d) transmit their power through the transmission and distribution networks;
- e) receive the remuneration due to them under their contracts.

## Article 7

A producer of electricity shall be obligated to:

- a). comply with all conditions stipulated in the license for carrying out the generation activity, if a license is required;
- b). comply with all relevant technical rules prescribed by the network operators, including the Grid Code;
- c). comply with regulations related to environmental protection and to ensure permanent control of the impact on the environment;
- d). equip themselves with adequate metering devices for the measurement of electricity that enters a network;
- e). comply with all other obligations that may arise from the enforcement of this Law and related legislation and regulations.

## Article 8

A producer with a power plant of installed capacity above 5 MW, which exists and is operating on the date of the promulgation of this Law, shall be required to offer the electricity produced by such power plants to the public supplier at a regulated price if the public supplier needs the electricity.

## Article 9

Subject to Article 8, a producer may sell the electricity produced by them or the capacity of its power plants at freely negotiated prices to:

- a). local eligible customers through contracts using the charged services of the transmission and distribution network operator;
- b). local traders through contracts using the charged services of the transmission network operator;
- c). foreign eligible customers or traders;
- d). on the local or regional power exchange market;
- e). the public supplier, in the event that the customers' demand for electricity increases beyond the total contracted capacity in accordance with Article 8.

## Article 10

10.1. Energy enterprises that generate electricity using renewable energy resources or waste and co-generators that produce electricity and heat in a single plant are entitled to obtain certificates of origin from the Energy Regulatory Office.

10.2. In the certificate of origin, the Energy Regulatory Office shall:

- a). certify the capacity of the power plant using renewable energy resources and waste, as well as the sources used for generation;
- b). specify the times for submitting information and statements to the Energy Regulatory Office.

10.3. Public suppliers shall give purchasing priority to electricity for which a certificate of origin has been issued, provided that the cost of such electricity does not increase the price of electricity to an unsustainable level in Kosovo.

10.4. The public supplier shall be required to purchase at a regulated price the entire amount of electricity for which a certificate of origin has been issued to meet the needs of electricity consumption in Kosovo with the exception of any amount for which the producer has entered into contracts pursuant to the provisions of this Law. The Energy Regulatory Office may compensate the costs to the public supplier by a specific charge on the services of the transmission system operator.

## Article 11

11.1. Producers of electricity with public service obligations shall maintain sufficient minimum fuel stocks to support a continuous and reliable generation of electricity or specific reserve capacity of electricity which shall ensure a reliable supply to customers.

11.2. The type and extent of the minimum fuel stocks or of the specific reserve capacity shall be determined by the Ministry Responsible for Energy.

## **Chapter 4**

### **Transmission of Electricity**

#### Article 12

12.1. Within 60 days after the promulgation of this Law, The Government of Kosovo shall appoint a legal person as a candidate to become the Transmission Network Operator to carry out the transmission of electricity. The candidate shall apply for a license from the Energy Regulatory Office within 90 days from the date of its appointment by the Government.

12.2. Where the Transmission Network Operator is part of a vertically integrated enterprise, it shall be independent from activities not related to transmission in terms of its legal form, organization and decision making.

12.3. In order to ensure the independence of the Transmission Network Operator:

- a) those persons responsible for the management of the Transmission Network Operator may not participate in company structures of any energy enterprise responsible, directly or indirectly, for the day-to-day operation of the generation, distribution and supply of electricity;
- b) appropriate measures shall be taken to ensure that the professional interests of the persons responsible for the management of the Transmission Network Operator are taken into account in a manner that ensures that they are capable of acting independently;
- c) the Transmission Network Operator shall have effective decision-making rights, independent from the integrated electricity enterprise, with respect to assets necessary to operate, maintain or develop the network. Nonetheless, the parent company may approve an annual financial plan proposed by the Transmission Network Operator and including its maximum level of indebtedness.
- d) the Transmission Network Operator shall establish and the Energy Regulatory Office shall approve a compliance program, which sets out measures taken to ensure that discriminatory conduct is excluded, and ensure that observance of it is adequately monitored. The program shall set out the specific obligations of employees to meet this objective. An annual public report, setting out the measures taken, shall be submitted by the person or body responsible for monitoring the compliance program to the Energy Regulatory Office.

#### Article 13

13.1. The Transmission Network Operator shall be responsible for:

- a). operating, maintaining, and if necessary, developing the transmission network and its inter-connectors with other networks, in order to guarantee security of supply;
- b). managing energy flows on the transmission network, taking into account exchanges with other interconnected networks, and maintaining a balance;

- c). ensuring the availability of all necessary ancillary services;
- d). providing to the operator of any other system with which its system is interconnected sufficient information to ensure the secure and efficient operation, coordinated development and interoperability of the interconnected system;
- e). ensuring non-discrimination between system users or classes of system users;
- f). providing system users with the information they need for efficient access to the system;
- g). dispatching generation and determining the use of inter-connectors;
- h). developing guideline forecasts in accordance with the procedures set out in the Law on Energy;
- i). organizing preliminary studies for the possibility for constructing new transmission capacities, facilities, and equipment supported by technical, economic, and financial studies;
- j). drafting and publishing short-term and long-term plans for expanding and modernizing the transmission network;
- k). preparing every two years, on the basis of regional needs, a list of the new transmission capacities and interconnection power lines required to meet the needs of Kosovo;
- l). carrying out any other activity needed to advance its duties as set forth in this law.

13.2. No later than 90 days after the date the Energy Regulatory Office issues its license, the Transmission Network Operator shall submit to the Energy Regulatory Office for approval a Grid Code that shall, among other things:

- a) set forth the technical rules establishing the minimum technical design and operational requirements for connection to the network and interconnection and operation of other networks;
- b) identify economic criteria for dispatch and use of inter-connectors while taking into account the required supply reliability;
- c) set forth the procedures applicable for network operation in contingency situations.

13.3. The Grid Code rules shall be published, shall ensure the interoperability of networks, shall be objective and non-discriminatory; and shall be applied in an objective and non-discriminatory manner.

## Article 14

In dispatching generated capacity, the Transmission Network Operator may give priority to generating installations using renewable energy sources or waste or producing combined heat and power.

## Article 15

15.1. The Transmission Network Operator shall procure the energy it uses to carry out its functions according to transparent, non-discriminatory and market-based procedures.

15.2. Rules adopted by Transmission Network Operator for balancing the electricity system shall be objective, transparent and non-discriminatory, including rules for charging system users for energy imbalance.

15.3. The terms and conditions, including rules and tariffs, for the provision of services by transmission network operator shall be established in a non-discriminatory and cost-reflective way. The rules and tariffs shall be subject to the approval of the Energy Regulatory Office and shall be published.

## Article 16

16.1. The Transmission Network Operator shall not divulge confidential information obtained in the course of carrying out its business, and shall prevent information about its own activities which may be commercially advantageous from being disclosed in a discriminatory manner.

16.2. Notwithstanding paragraph 1, the Energy Regulatory Office may require the Transmission Network Operator to divulge confidential information if required to perform its functions, powers, and duties.

## **Chapter 5 Distribution of Electricity**

### Article 17

17.1. Within 60 days after the promulgation of this Law, The Government of Kosovo shall appoint one or more legal persons as candidate to become a Distribution Network Operator. A candidate shall apply for a license from the Energy Regulatory Office within 90 days from the date of its appointment by the Government.

17.2. If a Distribution Network Operator is part of a vertically integrated enterprise, it shall be independent from all other activities not relating to distribution, at least in terms of its legal form, organization and decision making.

17.3. In order to ensure the independence of a Distribution Network Operator, the following minimum criteria shall apply:

- a). those persons responsible for the management of a Distribution Network Operator may not participate in company structures of any integrated electricity enterprise responsible, directly or indirectly, for the day-to-day operation of the generation, transmission or supply of electricity;

- b). appropriate measures must be taken to ensure that the professional interests of the persons responsible for the management of a Distribution Network Operator are taken into account in a manner that ensures that they are capable of acting independently;
- c). a Distribution Network Operator shall have effective decision-making rights, independent from the integrated electricity enterprise, with respect to assets necessary to operate, maintain and develop the network. Nonetheless, the parent company may annually approve a financial plan proposed by a Distribution Network Operator and including its maximum level or indebtedness;
- d). a Distribution Network Operator shall establish a compliance program, which sets out measures taken to ensure that discriminatory conduct is excluded, and ensure that observance of it is adequately monitored. The program shall set out the specific obligations of employees to meet this objective. An annual public report, setting out the measures taken, shall be submitted by the person or body responsible for monitoring the compliance program to the Energy Regulatory Office.

## Article 18

18.1. A Distribution Network Operator shall be responsible for:

- a). maintaining a secure, reliable and efficient electricity distribution system in its area with due regard for the environment;
- b). ensuring non-discrimination between network users or classes of network users, particularly in favor of any subsidiary or shareholder;
- c). providing system users with the information they need for efficient access to the system;
- d). planning the development of the distribution network, taking into account energy efficiency measures or distributed generation that might supplant the need to upgrade or replace electricity capacity;
- e). drafting and publishing short-term and long-term plans for developing the distribution networks and coordinating such plans with municipalities;
- f). studying the economic development and demand change prospects in its territory;
- g). assisting the municipalities in the preparation of their plans, programs and development strategies;
- h). making the content of its short-term and long-term plans available to the transmission network operator.

18.2. A Distribution Network Operator shall procure the energy it uses to carry out its functions according to transparent, non-discriminatory and market-based procedures.

## Article 19

19.1. A Distribution Network Operator shall not divulge confidential information obtained in the course of carrying out its business, and shall prevent information about its own activities which may be commercially advantageous from being disclosed in a discriminatory manner.

19.2. Notwithstanding paragraph 1, the Energy Regulatory Office may require a Distribution Network Operator to divulge confidential information required to perform its functions, powers, and duties.

## **Chapter 6 Supply of Electricity**

### Article 20

20.1. The supply of electricity is the activity of electricity sale or resale to customers.

20.2. The supply of electricity shall be carried out by the public supplier, traders, or producers.

### Article 21

21.1. The public supplier shall be an enterprise with a license to conduct the public supply of electricity.

21.2. Under its license, the public supplier shall have the right to:

- a). sell, on an exclusive basis, electricity to non-eligible customers at regulated prices and tariffs, in accordance with license terms and conditions;
- b). purchase capacity and electricity from producers with an installed capacity above 5 MW which exists on the date of the promulgation of this law at a regulated price;
- c). purchase capacity and electricity from other producers at an unregulated price;
- d). import capacity and electricity in the event that its customer's demand for electricity increases beyond the capacity contracted for;
- e). export capacity and electricity in the event that its customer's demand for electricity is reduced below the capacity contract for;
- f). bill and collect payment from its customers;
- g). handle the complaints of its customers.

21.3. The public supplier shall conclude power purchase agreements (PPAs) with producers of electricity. A PPA shall include the following provisions:

- a) the extent of the supply;
- b) the technological conditions and quality of supplies;
- c) the scheduling of supply and receipt;
- d) responsibility for supply and receipt;
- e) sanctions for breaches of any contractual provisions;
- f) the payment or payment guarantees for supplies.

21.4. Annual contracts shall define in greater detail the compulsory components of PPAs and shall stipulate the price and other elements for charging electricity stipulated.

21.5. PPAs shall be concluded for a minimum of 1 year and a maximum of 5 years with the possibility for renewal.

21.6. The provisions of any PPA under this Article shall be subject to the approval and monitoring by the Energy Regulatory Office.

21.7. Any contract entered into with KEK prior to the effective date of this Law shall be renegotiated not later than 2 years from the date of the promulgation of this Law.

## Article 22

22.1. Supply shall become over time a competitive activity and any qualified enterprise, domestic or foreign may apply for and obtain a supply license to serve eligible customers in accordance with criteria established by the Energy Regulatory Office

22.2. The Ministry responsible for Energy shall prescribe the conditions for determining eligible customers in an implementing instruction to be adopted no later than January 31 for each year. The criteria shall include the extent of their electricity consumption and the proportion of energy costs to the prices of their products and services.

22.3. A customer may obtain the status of eligible customer by responding to a public announcement that the Energy Regulatory Office must launch each year.

22.4. Eligible customers shall have the option to be supplied by the public supplier under procedures established by the Energy Regulatory Office.

22.5. Eligible customers shall notify the transmission network operator in advance of the contracts it will signed for the supply of electricity, in accordance with the terms and procedures set out in the Trade Code issued by the market operator and approved by the Energy Regulatory Office.

## Article 23

23.1. An electricity trader shall be a person holding a license for the trade of electricity.

23.2. The terms and conditions of a trade license shall be determined by the Energy Regulatory Office which shall require that the trader be of sound reputation and have purchasing contracts backing its trade.

23.3. Under its license, a trader shall have the right to:

- a). sell capacity and electricity to eligible customers at unregulated prices;
- b). purchase capacity and electricity from producers at unregulated prices;
- c). purchase and sell capacity and electricity from other traders at unregulated prices;
- d). purchase capacity and power from the public supplier at a regulated price if the customers' demand is reduced below the contracted capacity;
- e). import and export capacity and power;
- f). bill and collect payment from producers, eligible customers and traders;
- g). handle the complaints of its customers.

23.4. An electricity trader shall present a financial guarantee to cover transactions it signs. The requirements for the form, type and amount of financial guarantee shall be defined in the Trade Code.

## Article 24

24.1. All electricity producers and electricity supply enterprises established in Kosovo shall be able to provide a supply to their own premises, their subsidiaries, and eligible customers through a direct line.

24.2. All eligible customers in Kosovo shall have the right to be supplied through a direct line by a producer and an electricity supply enterprise when technically and economically feasible.

24.3. Permits for the construction of a direct line shall be granted by the Energy Regulatory Office on the basis of technical criteria published in advance in the trade code which relate to safety, efficiency, and the integrity of the transmission and distribution networks.

## **Chapter 7 Third Party Access**

### Article 25

25.1. The Transmission Network Operator and the Distribution Network Operator shall allow producers, suppliers, and eligible customers access to the transmission and distribution networks on the basis of Energy Regulatory Office and network operator rules and regulations.

25.2. The price for the use of the networks shall be proposed by the relevant network operators once a year in a manner that encourages efficiency and takes into account the average prices for the preceding 12 months. The tariffs shall be approved by the Energy Regulatory Office and published by the relevant system operator.

#### Article 26

26.1. The transmission network operator and the distribution network operator may refuse access to the transmission and distribution networks only if the necessary capacity is not available, and that lack of necessary capacity is justified based on the security of supply or regularity or quality of supply, taking into account all applicable rules.

26.2. The reasons for the refusal in paragraph 1 shall be set out in a written report with supporting evidence, and given to the third party seeking to conclude a contract for access to the network.

26.3. Any person refused access to a network or whom objects to conditions imposed upon it for access may file an appeal with the Energy Regulatory Office which shall issue a decision in accordance with the procedures established under the Law on the Energy Regulator.

### **Chapter 8 Organized Market**

#### Article 27

27.1. Within 60 days of the promulgation of this Law, the Government of Kosovo shall select a legal person based on competition principles to become the market operator. The candidate shall apply for a license from the Energy Regulatory Office within 90 days from the date of its appointment by the Government.

27.2. Where the Market Operator is part of a vertically integrated enterprise, it shall be independent from activities not related to transmission in terms of its legal form, ownership, organization and decision making and it shall not be engaged in generation or trading. It may be the same enterprise as a system operator.

27.3. The Market Operator shall be responsible for economic management of the electricity system, and shall undertake the management of electricity purchasing and selling under terms set out by law. Its responsibilities shall include:

- a). maintaining records of all contractually agreed upon obligations between suppliers and eligible customers;
- b). receipt of bids (tenders) for the supply of electrical energy;
- c). applying the tendering procedure;

- d). notifying participants in trading and the transmission system operator of the settlement process, planning network access based on the settlement and the price of the remaining energy offered;
- e). accepting information from the transmission system operator regarding the settlement changes required based on technical capacity and any exceptional situations in the transmission or distribution network;
- f). setting the final price of energy for each specified time period and notifying all parties involved in trading;
- g). establishing the accounting system for trading at the final price achieved, and providing information on the actual operation of the generators and availability of generation capacity for each time period; and
- h). public announcement of market trends for any required time interval.

27.4. The Market Operator shall perform its functions with due respect for principles of transparency, objectivity and independence.

27.5. Within 120 days from the date that the Energy Regulatory Office issues the Market Operator a license, the Market Operator shall submit to the Energy Regulatory Office for approval Market Rules setting forth the rules and regulations for participation in the electricity market.

## Article 28

28.1. In order to maintain a balance in the organized market, producers, traders, the public supplier, and eligible customers may conclude contracts for the sale of electricity with:

- a). local persons in EU member states;
- b). persons registered in a country with which Kosovo has reached an agreement for mutual application of EU energy legislation.

28.2. Paragraph 28.1 shall be applied where:

- a). producers, traders, the public supplier and eligible customers have been acknowledged the right to trade freely in electricity in accordance with the law of another country;
- b). under reciprocity conditions, the law of the other country provides an opportunity of free trade in electricity for eligible customers of that country.

## **Chapter 9 Service Supply**

### Article 29

29.1. Every final customer shall have the universal right to a supply of electricity where technically and economically feasible.

29.2. Final customers shall have the right to contract with an electricity supplier on the basis of rules defined by the Energy Regulatory Office.

29.3. The supply of electricity to final customers shall be carried out in accordance with the General Conditions of Supply prescribed by the Energy Regulatory Office under the Law on the Energy Regulator.

### Article 30

30.1. The transmission or distribution network operator shall connect any customer or producer who:

- a). has electrical switchgears constructed within the boundaries of its property which satisfy the technical and operational safety requirements;
- b). satisfies the conditions for connection to the transmission or distribution network;
- c). has signed a written agreement with the transmission or distribution enterprise at a regulated connection price.

30.2. A distribution network operator may connect a customer located in the territory of another distribution enterprise if it has obtained written permission from the Energy Regulatory Office and it is interests of the customers generally.

30.3. The terms and conditions for the connection to the transmission or distribution networks shall be regulated in the published grid or distribution code, which shall be approved the Energy Regulatory Office before they enter into force.

### Article 31

31.1. Customers or producers referred to in Article 25 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 network operator.

31.2. An electricity enterprise may refuse temporarily to connect a customer or producers to the network if it determines that the facilities or equipment fail to meet the technical norms or other conditions prescribed in the technical codes. A customer or producers shall be informed in writing of the reasons for any such refusal.

## Article 32

32.1. Suppliers shall have the right to temporarily suspend the supply of electricity under the circumstances prescribed in the Law on the Energy Regulator and the General Conditions of Supply.

32.2. Suppliers shall have the right to cut-off customers for non-payment, consistent with the rules and regulations issued by the Energy Regulatory Office regarding the protection of vulnerable persons and cut-offs during the winter season.

32.3. Suppliers shall cease electricity supplies to a customer with or without prior notification in accordance with the rules established in the Law on the Energy Regulator.

## **Chapter 10 Metering and Billing**

### Article 33

33.1. Electricity used or injected by system user shall be measured with metering devices located as near as possible to the customer's property boundary in accordance with the requirements of the metering code.

33.2. The transmission or distribution network operator shall determine the type, number and mounting place of the metering device and the corresponding control and communication devices.

33.3. The transmission or distribution network operator shall install the metering devices. In the event that the approved tariffs enable groups of customers or producers to choose the mode and type of metering device, the transmission or distribution network operator shall install the metering device that corresponds with their choice which shall be stated in writing.

### Article 34

34.1. Metering devices for the measurement of electricity shall be the property of and belong to the transmission or distribution network operator.

34.2. At the request of the customer and at his own expense, additional control devices may be installed for measuring the consumption of electricity by the customer.

34.3. In the case of any differences in the measurements between the devices under paragraphs 1 and 2 beyond the acceptable levels of accuracy, the system user shall have the right to request an expert assigned by the Energy Regulatory Office to determine the correct measurement.

## Article 35

35.1. Customers shall pay their bills for consumed electricity and shall be given a wide choice of payment methods to meet their bills.

35.2. The terms and procedures for billing, bill collection, and payment shall be defined in the General Conditions of Supply of Electricity issued by the Energy Regulatory Office pursuant to the Law on the Energy Regulator.

## **Chapter 11** **Cross-Border Transmission of Electricity**

### Article 36

36.1. The import and export of electricity may be carried out by electricity enterprises having a license for such activities.

36.2. A person holding an import or export license shall inform the Energy Regulatory Office of every contract concluded for cross-border electricity supplies. The Energy Regulatory Office may prohibit the implementation of a contract for the supply of electricity within two weeks following the receipt of the notification of the contract.

36.3. In the event that the Energy Regulatory Office cannot respond within the period specified in paragraph 2, the Energy Regulatory Office may suspend the implementation of such contract for a period of no longer than 4 weeks.

36.4. Notwithstanding paragraph 1 through 3, producers may freely export electricity and eligible customers may freely import electricity for their own use.

36.5. The Energy Regulatory Office may prohibit the implementation of contracts for cross-border electricity supplies if the principle of reciprocity is violated or if the stability of the electricity power system is threatened.

### Article 37

37.1. The transit of electricity may be carried out by an electricity enterprise having a license for such activity.

37.2. Where required by international agreements binding on Kosovo, the licensee of electricity activities shall conduct the transit of electricity across the transmission network under the conditions and in the manner stipulated in the agreement or in accordance with the provisions of the Grid Code.

## **Chapter 12**

### **Transitional Provisions**

#### Article 38

38.1. Within 1 year of the date of the promulgation of this Law, the transmission and distribution system operators shall install metering devices for every customer connected to their system or purchase at their current market value metering devices which at the time this Law comes into force are owned by customers.

38.2. The obligation of system operators to purchase metering devices from customers under paragraph 38.1. shall not apply in the event that the system operator installs its own devices to replace the existing devices under the terms for installing the devices.

38.3. Commercial relations shall be established in the power sector in conformity with the requirements of this Law no later than 18 months after the date of the promulgation of this Law.

38.4. A Public supplier shall prepare and propose to every customer a contract for the supply of electricity in compliance with paragraph 38.3.

38.5. In the event of any failure to conclude a commercial contract for the supply of electricity within the period defined in paragraph 38.3, the network operators shall disconnect a person unlawfully receiving or taking electricity from electricity networks.

38.6. KEK shall apply for a license for its generation, and public supply activities within 90 days of the promulgation of this Law .

38.7. The transmission system operator shall prepare a grid code, an electricity standards code, a consumer protection code, an electrical equipment code, a metering code, and a distribution code and present them for approval to the Energy Regulatory Office within 12 months of the promulgation of this law.

#### Article 39

This law shall enter into force after approval by the Assembly and on the date that it is promulgated by the SRSG.

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**29 April 2004**