



17 January 2022

PRESS RELEASE

Publication of the Consultation Report on Extraordinary Review of Electricity Tariffs

Energy Regulatory Office is in the process of extraordinary review of tariffs for activities in the electricity sector. According to secondary legislation of ERO, extraordinary reviews take place when the differences between input values assumed during the calculation of tariffs and the values realized during their implementation change to the extent that they exceed the materiality threshold of 5%.

The second half of 2021 was characterized by an unprecedented rise of prices in European electricity markets, which were impacted by the demand for gas in Asia, the low level of gas reserves in European stocks and the growing demand for electricity that came as a result of the economic recovery following the initial restrictions due to COVID-19. The combined impact of these factors led to prices at HUPX - the Hungarian Electricity Exchange, which is taken as a reference due to its geographical proximity and liquidity - reaching €376/MWh which is an increase of 563% compared to the beginning of the year.

As a country which is a net importer of electricity, Kosovo is also affected by the rising prices in Europe. In addition to rising prices, in 2021 in Kosovo there was a significant increase of electricity demand, which has affected the security of supply. This is partly influenced by the changes in the tariff structure of 2017, which aimed at simplifying the structure but which have impacted the reduction of the incentive for energy efficiency and the use of electricity as a cheaper alternative for heating during the winter season.

ERO has prepared two consultation reports:

1. Report on Maximum Allowed Revenues (MAR) of the Universal Service Supplier, Transmission System Operator and Market Operator (KOSTT) and Distribution System Operator (DSO), based on the amounts determined in this process, and
2. Consultation Report presenting ERO's positions on the restructuring of tariffs required to fulfill the costs of purchasing electricity and restoring electricity supply to customers.

ERO strongly believes that public consultation is at the heart of effective regulatory policies. Therefore, ERO provides to the regulated companies, customers and other stakeholders the opportunity to review the data and positions presented in this consultation report, and comment on them, by



presenting counter-arguments or providing new data which ERO may not have taken into account. The parties who want to express their opinions on ERO's position are invited to submit their written comments at ero.pricing-tariffs@ero-ks.org , by 28 January 2022, 18:00, at the latest.

Comments can also be submitted via post at:

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