



Pristina, 07 October 2021
ERO Code: V_1419_2021

The Board of Energy Regulatory Office,

based on:

- Provisions of Article 15, paragraph 1, sub-paragraph 1.5, paragraphs 3 and 4, Article 25, Article 26, paragraph 1, sub-paragraph 1.2 and Article 51 of the Law on Energy Regulator (Law no.05/L-084);
- Provisions of Article 3, paragraph 1, sub-paragraphs 51 and 72, Article 5, Article 33, paragraph 4, sub-paragraph 4.1, Article 37, Article 38 and Article 62, paragraph 7 of the Law on Electricity (Law no. 05/L-085);
- Provisions of Articles 5 and 6 of the Rule no. 15/2017 on Determination of Revenues for Universal Service Supplier (USS);
- Provisions of Article 17 of the Electricity Supply License issued to "KOSOVO ELECTRICITY SUPPLY COMPANY" (KESC) JSC, with license number ZRRE/Tr_2014/Li_07/17, dated on 27.04.2017,
- ERO Report on Evaluation of Competition in Electricity Market in 2018 and 2019, dated on December 2020, and
- Report on Evaluation of Supply under the Universal Service Criteria;

in the session held on 07 October 2021 issued the following:

DECISION

ON IMPOSITION OF PUBLIC SERVICE OBLIGATION

- I. The Public Service Obligation is imposed to the electricity supply licensee "KOSOVO ELECTRICITY SUPPLY COMPANY" (KESC) JSC (hereinafter "KESCO") for supply of final customers entitled to the universal service.**
- II. The right to universal service is entitled to:**
 - a. all household customers;
 - b. Non-household customers with annual circulation of no more than ten million euros (10,000,000 €), and no more than fifty (50) employees, and
- III. With the exception of point II. of the enacting clause of this Decision, all final customers connected to the level of Distribution (35kV, 10kV and 0.4kV) are entitled to be supplied under universal service criteria until the establishment of conditions for supply under market criteria.**
- IV. The Regulator will set the electricity prices of customers who are entitled to supply within the universal service, which cover the reasonable costs of electricity supply.**

- V. The level of electricity supply costs and prices will be reviewed on an annual basis, in accordance with the Rule on Determination of Revenues for Universal Service Supplier.
- VI. The Supplier who is imposed the Public Service Obligation, according to this decision, is obliged to:
 - a. to supply electricity as a public service according to the criteria determined by this Decision, the license, and other applicable legislation;
 - b. inform customers (purchasers) on their rights and criteria of supply under universal service;
 - c. supply electricity of a certain quality according to the Rule on Quality of Supply and Service Standards;
 - d. bill the delivered electricity in accordance with the prices set by the Regulator;
 - e. publish the tariffs on its website, at least fifteen (15) days before the start of the application.
- VII. This Decision will be an integral part of the Electricity Supply License issued to "KESCO".
- VIII. The obligation imposed to KESCO according to this decision is valid until **31.03.2022**.

REASONING

- ERO with Decision V_916_2017, dated on 27 April 2017 imposed to KESCO for the period of 3 years, from 01.04.2017 to 31.03.2020, the Public Service Obligations for provision of electricity supply as a Universal Service.
- Public Service Obligations due to the lack of effective competition and in order to ensure a stable supply of electricity and customer protection,
- With Decision V_1268_2020, dated 03 July 2020, due to circumstances related to the COVID-19 Pandemic, the Public Service Obligation was extended to KESCO for another year, covering the period from 01.04.2020 to 31.03.2021. The Energy Community Secretariat was also notified on this decision.
- Due to the lack of the quorum of ERO Board to address this issue, ERO through official communication dated 31 March 2021 has notified KESCO that the obligation remains imposed until the completion of ERO Board.
- ERO, with Decision V_1339_2020, dated on 10 December 2020, approved the Report on Evaluation of Competition in Electricity Market in Kosovo, through the Herfindahl-Hirschman Index (HHI) of supplier's share in the market.
- ERO, in October 2021, carried out the Report on Evaluation of Supply under the Universal Service Criteria and measurements of the Herfindahl-Hirschman Index (HHI) for 2020.
- The result from the above-mentioned reports show that there is a very high concentration in the wholesale and retail market, which means that the electricity market in the country still faces a lack of competition.
- The Board of ERO, following the evaluation and analysis of relevant documentation, concluded that the Public Service Obligation shall be imposed on KESCO, for the provision of electricity supply as a Universal Service, and based on the legal provisions mentioned in the introductory section of this decision, has decided as in the enacting clause of this decision.

- IX.** The decision is issued and published in official languages of the Republic of Kosovo.
- X.** The decision shall enter into force on the date of approval by the Board and will be published on ERO's official website.

The Board of the Regulator:

Ymer Fejzullahu, Chairman

Selman Hoti, Member

Izet Rushiti, Member

Lutfije Dervishi, Member

Gani Buçaj, Member

This decision is sent to:

KESCO,
KEDS,
KOSTT, and
ERO Archive