ERO Presentation for ECRB meeting
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Legal changes

New laws approved by the Parliament have brought radical changes in the energy sector, to ensure the development of competition in the wholesale market and the retail supply of electricity sector.

**Generation**
Deregulation of the generation price

**Transmission**
Natural Monopoly
Continued regulation

**Distribution**
Natural Monopoly
Continued regulation

**Retail supply**
Suppliers
Universal Service
Supplier of Last Resort
The Board of Energy Regulatory Office - 18 January 2017 – APPROVED the Guideline on Liberalization of electricity market in Kosovo;

Electricity market liberalization shall take place gradually, by using all possibilities to adjust the amendment of laws with the situation of energy sector in Kosovo;

**Renewable Energy Sources (RES)**

RES Fund will be established and managed by the Market Operator based Support Scheme Rule on Support Scheme will also define incentive fees and production for self-consumption (net-metering)

**Local Generation**

The price will be determined in the competitive market starting from 1st April, 2017.
Price regulation will continue based on the EU Directives, since the distribution is a natural monopoly.

Losses will be procured under competitive market prices.

Transmission
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Distribution
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GUIDELINE ON LIBERALIZATION OF ELECTRICITY MARKET IN KOSOVO

Supply
Suppliers will participate in the competitive energy market, buying from local generators and imports.

The regulator has adopted appropriate procedures for suppliers to enter the energy market in Kosovo:
Two new suppliers are licensed by ERO;
Rule on switching suppliers has been approved;

Retail prices
Deregulation of the price to final customers will be done in a gradual manner using suitable potential approach to the current situation.

Rule on Supplier of last resort has been approved;
DEREGULATION OF THE PRICE OF ELECTRICITY

**USS**
- Households
- Commercial (A.T. €10 million and less than 50 workers)
- They have the right to be supplied with unregulated tariff

**35&10kV**
Commercial customers connected to voltage level 35 and 10kV will be supplied on competitive electricity market starting from April 1, 2018

**110 kV**
Industrial consumers connected to the 110 kV voltage level is in the transitional phase to pass to the competitive market

**220 kV**
Industrial customers connected to the voltage level of 220kV have already passed in the competitive electricity market
Applications of licensees for the 5 Year Tariffs (Investment plan and OPEX)

Analysis from the ERO of the Applications - prior ERO issued in public the reports on WACC, Losses target and asset-life-span

The public consultation has been held by ERO and Licensees

The final decision on MYT will be made latest on 15th March 2018
OTHER ONGOING PROCESSES 1/2

- Ownership of TSO is defined (Kosovo Parliament)
- TSO is in final stage of completing application for certification to ERO
- In the other hand, ERO needs to have Board quorum in order to make decision
OTHER ONGOING PROCESSES 2/2

- **Market Rules and Network codes**
  - *Market Rules are drafted while the Network Codes are in public consultation*

- **Methodology for the PECI projects**
  - *It is drafted and sent to ECS for comments*

- **Connection Charging Methodology**
  - *It is drafted by DSO and sent for review to ERO*

- **Certificate of Origins for RES**
  - *ERO is facing the budget difficulties for the mechanism implementation and is planning to ask for funding from other institutions (e.g. WB, EBRD etc)*
Thank you for your attention!