

# Energy Regulatory Office

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## ERO Activities



*Dr. Nick F Frydas  
Head of ERO  
& Chairman of the Board*

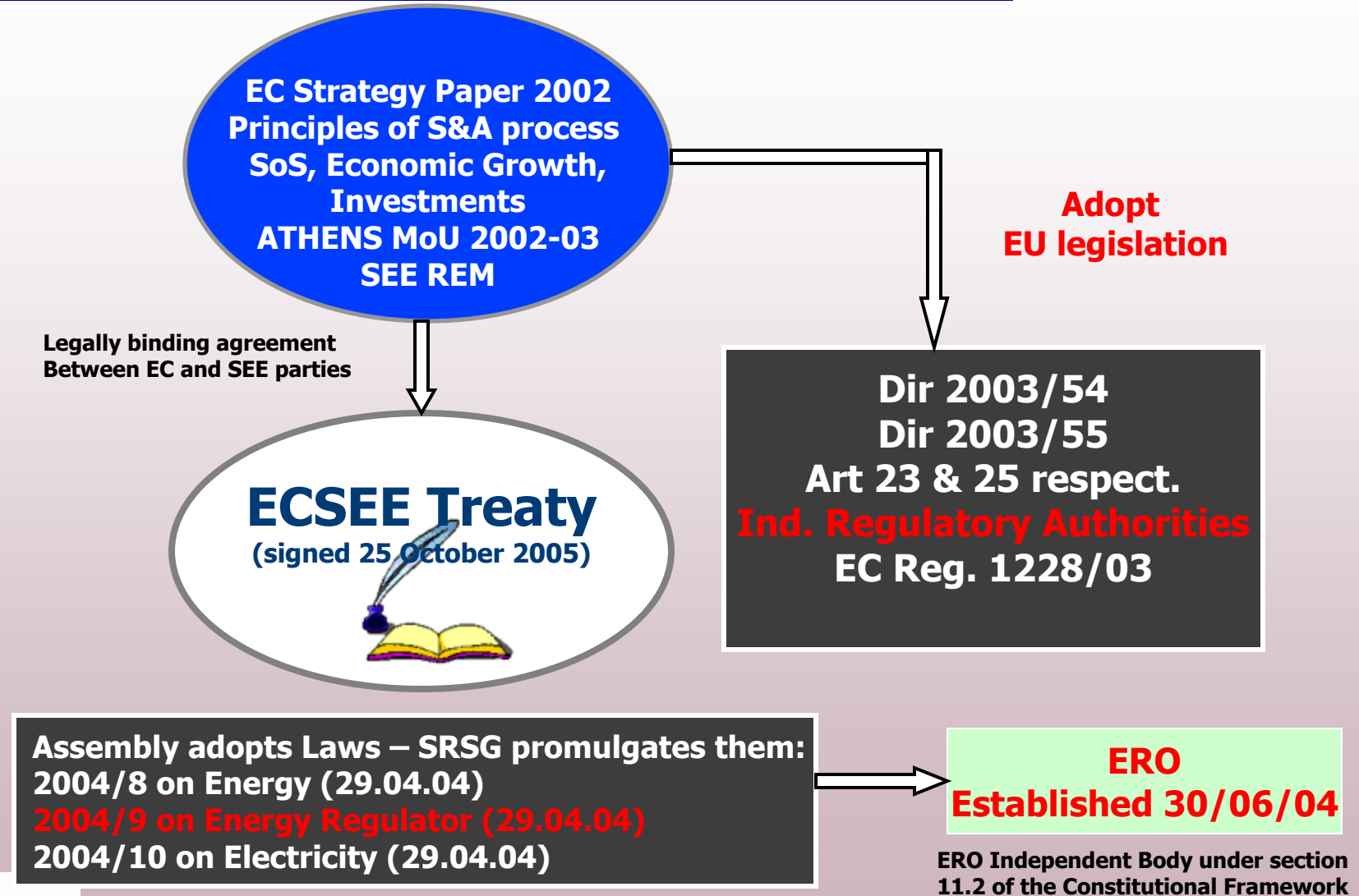
*September 2006*



ERO

[www.ero-ks.org](http://www.ero-ks.org)

# Kosovo Regulatory Framework



ERO

# Secondary Legislation

- ✓ Statute of ERO
- ✓ Code of Ethic and Conduct
- ✓ Rule on Pricing
- ✓ Tariff Methodology
- ✓ Rule on Licensing
- ✓ Schedule of Fees
- ✓ Rule on Dispute Settlement Procedure
- ✓ Rule on Disconnection
- ✓ General Conditions for Energy Supply
- ✓ Administrative Fines and Measures



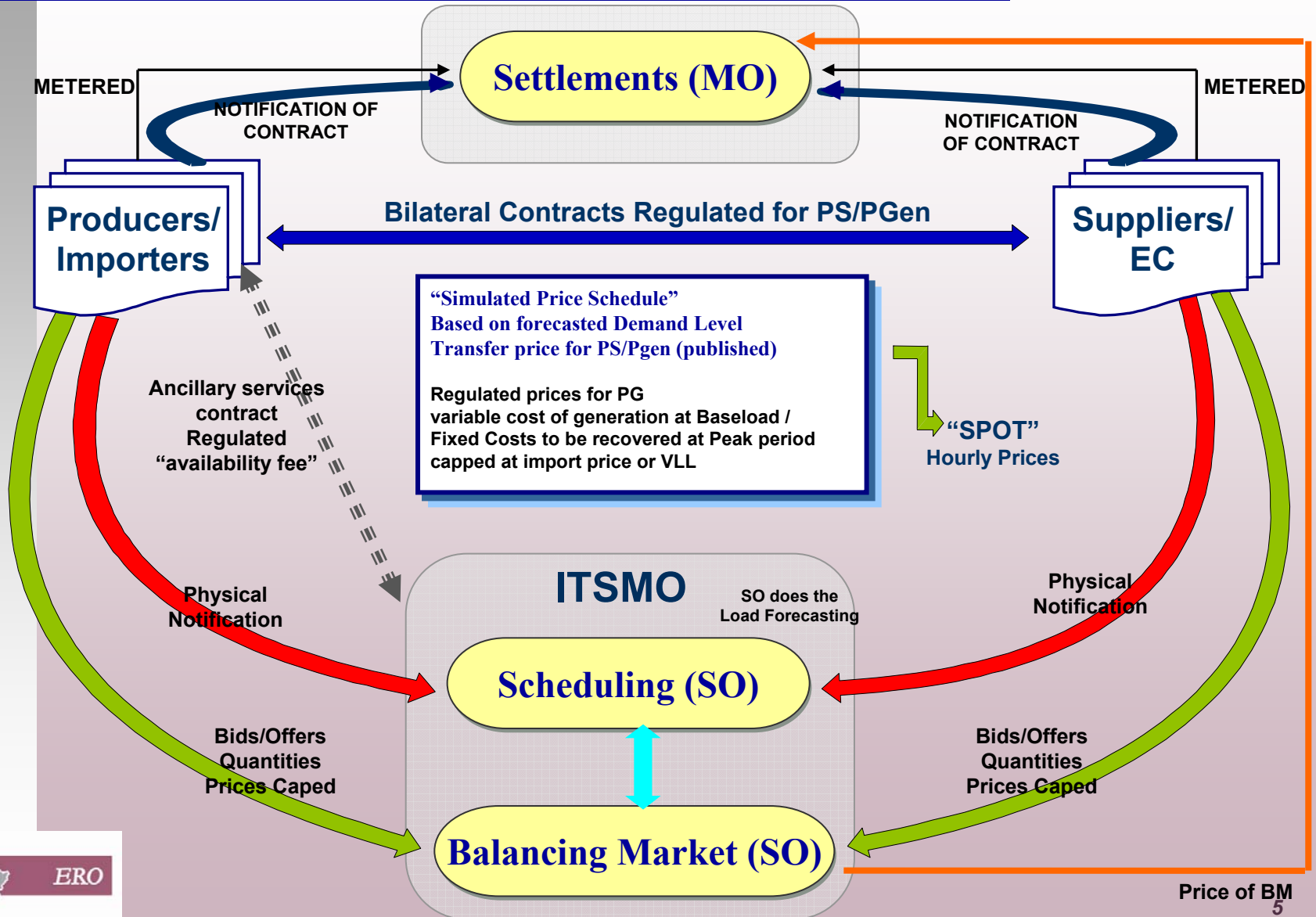
- Market Model & Associated Rules
- Rule on Confidentiality of Information
- Rule on Authorization
- Rule on Public Register
- Pro-forma Licences

# Key Issues & Challenges

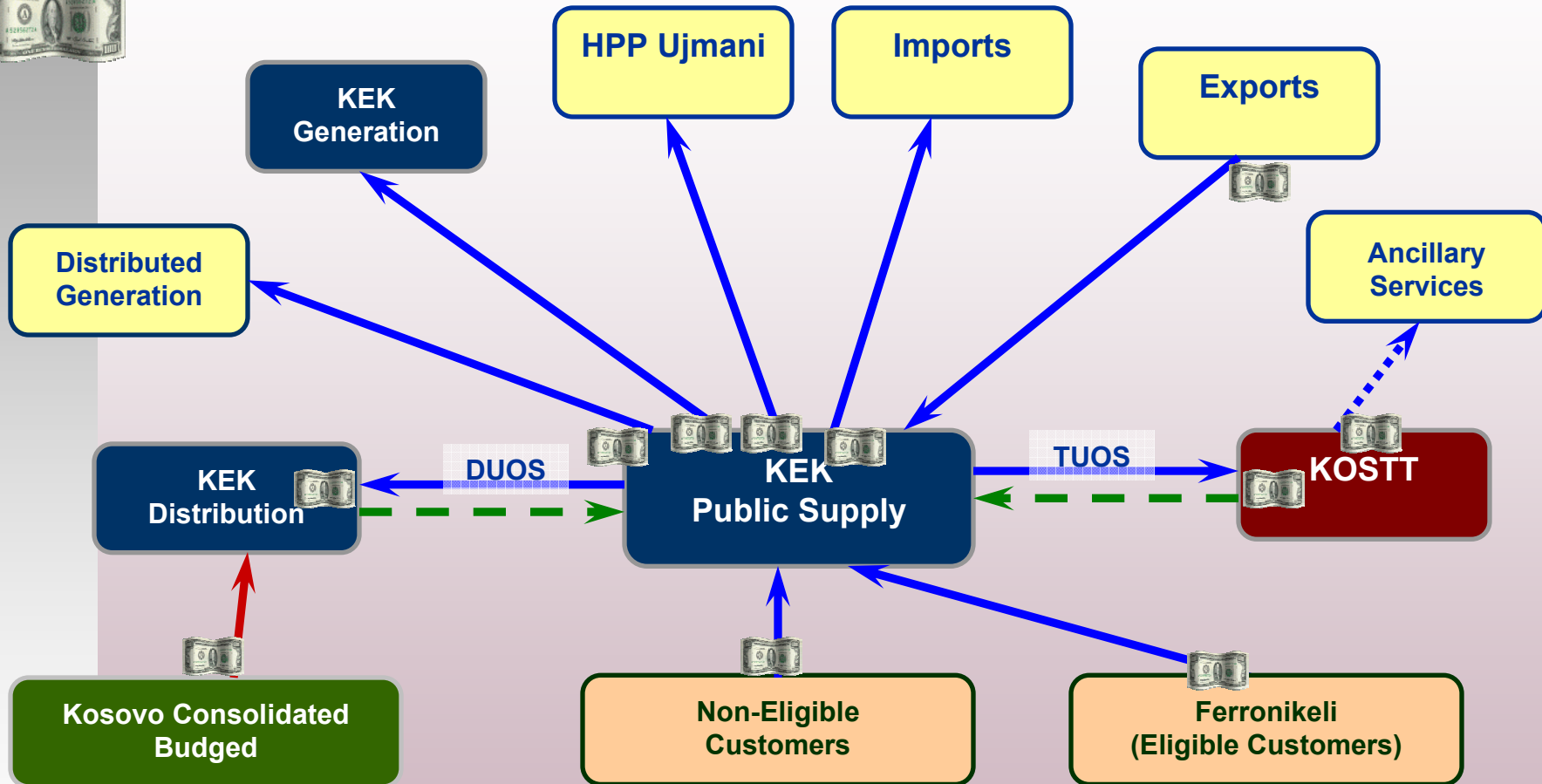
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- Issue Licenses (5 types in Electricity 3 types in DH)
- Achieving Financial Independence
- Concluding our first Price Review and issuance of a new unbundled tariff for Kosovo
- Activities regarding Authorization Procedures for the construction of New Generation Capacity
- Review and Approval of the Technical Codes developed by KOSTT
- Approval & Implementation of Market Model
- Review & approval of District Heating Tariffs
- Market Monitoring activities
- Dispute Settlement activities

# Electricity Market Design – Net Pool



# Financial Flows in Electricity Market



Money Payments  
(invoice in opposite direction)

Payments for Secondary Frequency Regulation  
(Ancillary Services bought abroad)

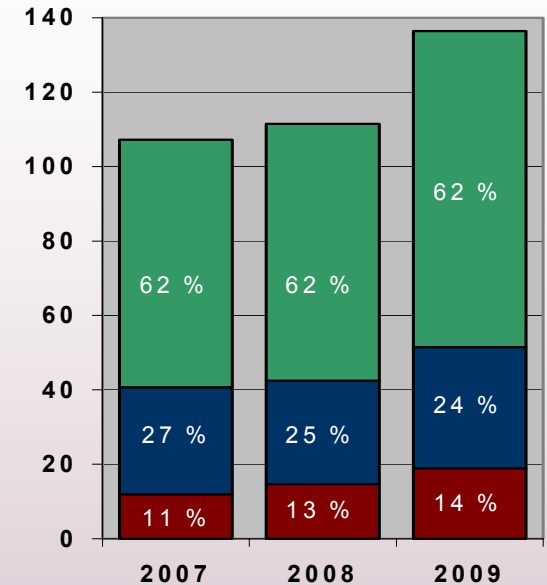
Payments for energy to cover losses  
(invoice in opposite direction)

Subsidy for predetermined (target) level of  
commercial loss

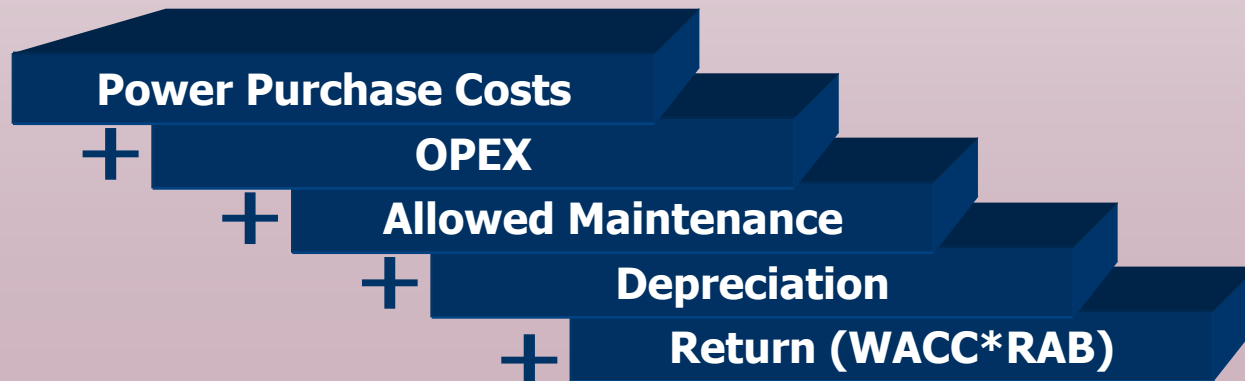
# Tariff Methodology – Revenue Cap

- Revenue Control period (2007-09)

Allowed Revenue ('000 Euro)	2007	2008	2009
<b>KOSTT</b> (includes cost of technical losses)	11 940	14 661	18 980
<b>KEK Distribution</b> (includes cost of technical losses)	28 801	27 761	32 544
<b>KEK Public Supply</b> (excludes cost of losses & energy for EC)	66 500	69 031	84 913
<b>Total</b>	<b>107 241</b>	<b>111 453</b>	<b>136 437</b>



- Allowed revenues are built up from 'building blocks'



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**Thank  
You**

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