

Energy Regulatory Office (ERO)

Licensing Procedure and Content of the District Heating Licenses

**Merita Kostari,
Head of Legal and Licensing Department
Member of the Bordi of ERO**

Prishtina, September 2006



Application Procedure for the License

- ❶ The deadline for application for the license at ERO was **24 June**;
- ❷ The deadline for issuance of licenses is - **24 September**.
- ❸ On **5 May** On 4 of May we held **workshops** with District Heating “Termokos” and “Gjakova”. The purpose of **Workshop was to** assist the applicants in relation to application procedures.
- ❹ District Heating Companies in **Mitrovica and Zvečan** has not participate although they were invited.

Application Procedure for the License

- Starting from 24 August ERO has requested from Applicants (depending from completion of application) to publish in 2 daily newspapers **a summary of application** and the **information** that ERO is in the process **of reviewing the applications**.
- District Heating Companies **“Termokos”** and **“Gjakova”** have published the announcement.
- On 24 August ERO has delivered the invoices for payment of initial fee for application pursuant to Schedule of FEE (Rule adopted by Bord of ERO).

Application Procedure for the License

District Heating Company “GJAKOVA”-J.S.C

- Has applied on **23 June** for licenses: Generation, Distribution and Public Supply;
- From 23 August and many times later ERO has requested additional information and documents necessary which were sent until date 31 August 2006, whereas **temporary Environmental Permit for Generation** was submitted on **18 September 2006**.
- ERO has submitted all draft licenses to DH “Gjakova” and there was no comments.

Application Procedure for the License

DISTRICT HEATING “TERMOKOS”- J.S.C

- Has applied 26 June 2006 for Generation, Distribution and Public Supply Licenses;
- From 23 August and few times later ERO has requested additional information and documents necessary which were finally sent on 04 September 2006, whereas **Environmental Permit for Generation was submitted on 18 September 2006.**
- ERO has submitted all draft licenses to DH “Gjakova” and there was no comments except verbal comments which immediately were taken in consideration.

License is...

License **is summary of relevant provisions** that is based on:

- Law on Energy,
- Law on District Heating,
- Law on Energy Regulator,
- Rule on Licensing of Energy Activities in Kosova,
- Rule on Disputes Settlement Procedures,
- Schedule of Fees,
- Other rules adopted by Board of ERO in previous public sessions.

Application Procedure for the License

- Forms of licenses contains necessary conditions for the Licensee: i.e.
- To act in accordance to all legislation applicable in energy sector of Kosova (Laws in force and adopted Rules by ERO pursuant to laws, technical Codes and also other laws not related to energy - **on environment in Kosova, laws related to labour and work security.**
- The Licensee shall maintain **separate accounts** to avoid **subsidies and cross subsidies** and eventual effect in tariffs, ndikimit eventual në tarifa.
- The submission of **information to ERO** is also subject of **this presentation.**

Legal Base of provisions of the License

1) Draft License for Generation of District Heating with Conditions - for Termokos and Gjakova

- **Part I – Terms of Licenses** is based on Articles 5.2 and 5.3 of **Law on District Heating**. The duration of the license is **15 years** evaluated pursuant to technical lifespan of the main parts of the existing generation station used for performing the activity (pursuant to law – maximum 30 years);

-**Article 1: Definitions and Interpretation** (definitions from Law on Energy, Law on District Heating and Law on Energy Regulator);



ERO

Legal Base of provisions of the License

Article 2: Separate Accounts for the Thermal Energy Generation Business – pursuant to Article 26.1 of Rule on Licensing...; this Article contains condition, the term of 12 months for implementation

Article 3: Prohibition of Subsidies and Cross-subsidies – pursuant to Article 23.2 (1) of Rule on Licensing;

Article 4: Prohibition of Discrimination – pursuant to Article 15.4 of Law on Energy Regulator (LRE);

Article 5: Compliance with Distribution Code, Metering Code and Rule on General Conditions of Energy Supply, this Article has the condition where ERO may issue the direction **deadline for implementation**; and is based on Article 15.2 of Law on Energy Regulator, Article 1.4 e) of **Rule on Licensing ...** and Rule on General Conditions for Energy Supply;



Legal Base of provisions of the License

Article 6: Security Arrangements for Fuel

We have a comment this article to be called “security of fuel” and to delete the word “arrangement”. This Article is based in Law on District Heating and Law on Energy.

Article 7: Health and Safety -pursuant to Articles 21 and 23.2 of Rule on Licensing...;

Article 8: Environment - pursuant to articles 11.4 and 21 of Rule on Licensing...,Laws and secondary legislation of MESP. and contains the term condition which will be analyzed pursuant to Environmental Permit.

Article 9: Labour - pursuant to **Article 11.4 of Rule on Licensing...**;

Article 10: Registration and Disposal of Assets of the Licensee – pursuant to Article 42 of Rule on Licensing;



Legal Base of provisions of the License

Article 11: Insurance Obligation - pursuant Article 29.2 of Rule on Licensing and there is condition 12 months for implementation;

Article 12: Change in Control of the Licensee - pursuant Article 36 and 29.1 of Rule on Licensing;

Article 13: Provision of Information to ERO -pursuant Articles 13.1 and 27.2 of Law on Energy Regulator;

Article 14: Reasons of License Termination, Withdrawal and Modification – Chapter 9 of Rule on Licensing;

Article 15: Fees – pursuant to Schedule of Fees;

Article 16: Administrative Measures and Fines – pursuant Article 57 of Law on Energy Regulator and draft Rule on Administrative Measures and Fines;

Article 17: Settlement of Disputes – pursuant to Article 2.1 of Rule on Dispute Settlement Procedures.



Legal Base of provisions of the License

4) Draft License for Public Supply with District Heating- with Conditions (for “Termokos” and “Gjakova”)

- **Part I – Terms of Licenses** based on Article 16.2 of Law on Energy, Articles 5.2 and 5.3 of Law on District Heating, the duration of this license is 10 years (pursuant to Rule on Licensing...and Article 31 of LER);

- **Other Articles are the same as in Generation License except that this license has some specific Articles for supply:**

- **Article 6: Security and Safety of Supply** (accurate information of customers etc)

- **Article 7: Governance of Licensee’s obligations** (efficiently, in accordance with legislation and codes, preparation of necessary codes).

Legal Base of provisions of the License

- **Article 8: Metering Provision** –pursuant to Law on District Heating and Metering Code;
- **Article 9: Procedures for the Detection and Prevention of Theft, Damage and Meter Interference** – Article 28.7 of Rule on General Conditions for Energy Supply and Law on District Heating;
- **Article 10: Other Information Given to Customers** (is related to Article 7 but it is more related to disputes and information related to that)
- Article 5 :Compliance with the Distribution Code, the Metering Code and the General Conditions of Energy Supply** - pursuant Article 15.2 of Law on Energy Regulator and Article 1.4 e) of Rule on Licensing and Article 4.2 b) of Rule on General Conditions for Energy Supply;

Legal Base of provisions of the License

- ① - **Article 6: - Security and Safety of Supply** pursuant to Article 3 of Rule on Licensing;
- **Article 7: Governance of Licensee's obligations** - pursuant to Article 11.4 of Rule on Licensing;
- **Article 8: Overall and Minimum Standards of Performance** - pursuant to Article 19 of the Rule on Licensing.
- Other Articles are same as in Generation License except that in this license is missing: **Article for Security Arrangements for Fuel , Article related to Environment and Article related to Provision of Assets**

Legal Base of provisions of the License

3) Draft License for Distributio with Conditions (for “Temokos” and “Gjakova”)

-Part I – Terms of License is based on Articles 15.2 (a), Article 28.2 (h) and Article 37 of LER and Article 16.2 of Law on Energy, Articles 5.2 and 5.3 of Law on District Heating and Rule on Licensing. The duration of this license is **15 years** based on the request of applicant and evaluation of our district heating expert

-Article 5: Licensee’s Obligations Relating to Metering Devices, and

-Article 6: Connection to the Heat Distribution Network – pursuant Article 11 of Law on Energy, Articles 45 to 48 and 52 of Law on Energy Regulator and Law on District Heating;

Legal Base of provisions of the License

- ❶ **-Article 7: Access to and Use of the Heat Distribution Network** -Articles 28 and 29 of Law on District Heating.
- Article 8: Development Plan** –pursuant to Articles 15.2 and 15.3 of Law on District Heating, Article 8 of Law on Energy and Article 24.3 of Rule on Licensing;
- ❶ **Article 11: Additional Use or Disposal of Relevant Assets** – that ERO to inform if assets are used additionally from the foreseen by performance of distribution regular activities or disposed).
- ❶ **Article 16: Provision of Information to the other Distribution System Operators** (this means i.e. that Operator from Pristina and Gjakova exchange information according to needs). All other licenses as in previous licenses.

Thank you!!!

Energy Regulatory Office
Str.Hamdi Mramori Nr. 1
10 000 Prishtinë, Kosovë
Tel: +381 (0) 38 247 615 ext. 101
Fax: +381 (0) 38 247 620
e-mail: info@ero-ks.org
www.ero-ks.org 17



ERO