

Energy Regulatory Office

Legal Basis for involvement of ERO in authorization / tender for Rehabilitation of Kosovo A

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Pristina, June 07, 2005



Legal framework (1)

- **Article 8 of the Law on Electricity** - obligation of a producer of the power plant of installed capacity above **5 MW** to offer electricity to a Public Supplier at regulated prices when needed.
- **Article 15.3 of the Law on Energy** encourages private foreign investments through "buy-back" conditions, new energy facilities and for the modernization, rehabilitation, and expansion of existing generation capacities.



Legal framework (2)

- **Article 2 of the Law on Energy Regulator**, sets forth the role of ERO to secure the supply of electricity, heat, and natural gas through the maintenance and construction of necessary generation and transmission capacity and network infrastructure.
- **Article 3 of the Law on Energy Regulator** defines “**tendering procedure**” as published procedures for conducting a tender specifying required forms, instructions and documentation by which planned additional requirements **and replacement capacity** are covered by supplies from new or existing generation capacity;

Legal framework (3)

- **Article 15.3 of the Law on Energy Regulator - ERO** grants its consent for the separation, merger, or reduction in initial capital of energy enterprises and disposal of property used for conducting energy activities;
- **Chapter 8 of the Law on Energy Regulator** is dealing with Construction of New Generating Capacity, Gas Networks, Direct Lines and Direct Pipelines.

Legal framework (4)

Chapter 9 of the Law on Energy Regulator - In approving or fixing tariffs, ERO ensures that licensees are permitted to recover all reasonable costs including:

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b). the costs of management, operation, maintenance, **replacement, construction and decommissioning** of energy facilities;

c). the costs of maintenance of reserve and regulating capacities, required for ensuring reliable supply to customers;

...

e). the cost of public service obligations and other obligations imposed on the energy enterprise.



Legal framework (5)

- **Article 41.1 of the Law on Energy Regulator** has set forth that in invitations to tender, consideration must be given to electricity supply offers with long-term guarantees from existing generating units, provided that additional requirements for supply can be met in this way.
- Prior to a formal application of a permit, a legal entity seeking to construct / or reconstruct a new energy facility may seek preliminary approval for a permit from ERO.

Legal framework (6)

- **Article 21 of the Law on Electricity**, ERO reviews and approves power purchase agreements (PPAs) signed between the producer and public supplier and all contracts referred to in **Article 36 of the Law on Electricity**.
- For construction/reconstruction of new /existing power plants ERO has adopted multi-step process:
 - **first**, ERO will issue permit for construction new energy facilities (preliminary and final), and
 - **second**, ERO will issue operational/ generation license.

Legal framework (7)

- ERO grants generation license within two weeks upon the application for the final permit.
- An applicant for a permit shall submit to the ERO the documents such as an environmental permit in accordance to the Environmental Law No. 2002/8, a license or permit for use of coal issued by the relevant authority; a schedule of the projected completion and start up date and all other documents as specified in the Guidelines issued by ERO.

Legal framework (8)

- All applications for a permit for generation facilities shall be subject to a public hearing process, in accordance with procedures set forth by ERO in its Guidelines, prior to any decision by ERO on issuance of a permit.
- All permits issued by ERO shall set forth the period of time allowed for start up and completion of the construction.

Legal framework (9)

- **Article 39 of the Law on Energy Regulator** - tendering procedure for the construction of facilities referred to in **Article 38** shall be launched only if an authorization procedure has not resulted in the building of sufficient capacity to ensure security of supply.
- The tendering procedure shall be conducted by ERO, responsible for the organization, monitoring and control of the tendering procedure.

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THANK YOU !!!

