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DISTRICT HEATING DISTRIBUTION LICENCE (WITH CONDITIONS)

GRANTED TO:

"DISTRICT HEATING TERMOKOS" J.S.C

Registration Number: ERO_Li_11/ 06

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PART I. TERMS OF THE LICENSE

1. The Energy Regulatory Office (**hereinafter referred to as the "ERO"**), in exercise of the powers granted by Articles 15.2 (a), Article 28.2 (h) and Article 37 of the Law on the Energy Regulator, Article 16.2 of the Law on Energy, Articles 5.2 and 5.3 of the Law on Central Heating and Rule on Licensing of Energy Activities in Kosovo hereby issues, to **District Heating "TERMOKOS" J.S.C** (hereinafter referred to as the "**Licensee**") a license to carry out the **Distribution of thermal energy** during the period specified in paragraph 6, subject to the Articles and Conditions set out in Part II (hereinafter referred to as the "Conditions").
2. The territory covered by this License is, according to Article 32 para.2 of the Law on the Energy Regulator, is the distinct territory of Pristina (hereinafter referred to as the "territory").
3. The Licensee shall comply with the requirements of all applicable legislation, the Conditions of this license, and in doing so shall endeavor, at all times, to comply with the following applicable objectives:
 - a) the efficient discharge by the licensee of the obligations imposed upon it by this licence;
 - b) the efficient, economic and co-ordinated operation by the licensee of the Licensee's heat distribution network;
 - c) promoting effective competition in the generation and supply of thermal energy, and (so far as consistent therewith) promoting such competition in the sale and purchase of thermal energy;
4. The Licensee shall provide the following services for the definite territory covered by him:
 - a) Distribution system management;
 - b) Maintenance of sites and facilities in accordance with the technical requirements;
 - c) Harmonization of its projects with economic development projects;
 - d) Foresees the demands of the covered territory;
 - e) Continuous and safe transportation of thermal energy through the distribution system;
 - f) Provide network users with the information they need for efficient access to the system; and
 - g) Other relevant services.
5. The Articles and Conditions are subject to modification or termination or withdrawal in accordance with their terms and with Articles 35, 36, 37 and 39 of the Rule on Licensing of Energy Activities in Kosovo.
6. This License shall come into force on 04 October 2006 and, unless withdrawn, shall continue in full force and effect until 04 October 2021 with possibility of extension in accordance to the Rule on Licensing of Energy Activities in Kosovo.

Stamped with the common stamp of ERO on _____

Signature (on behalf of Board of ERO) _____

PART II CONDITIONS OF THE LICENSE

Article 1: Definitions and Interpretation

1. For the purpose of this license, the terms and expressions listed below shall have the following meaning:

"Affiliate" means in direct or indirect relation to the Licensee, any Holding Company or Subsidiary of the Licensee, or any Subsidiary of a Holding Company of the Licensee, in each case within the meaning of the legislation applicable in Kosovo.

"Customer" has a meaning given in Article 3.1 of the Law on Central Heating;

"Delivery point" means the thermal substation from which the heat, and possibly the hot tap water for domestic use, is carried to the end user, and where heat is measured with proper metering devices;

"Development plan" means any development plan to be prepared by the Licensee pursuant to Article 8 of the Law on Energy;

"Direct heat pipe" means a segment of the supplier's network connecting directly the producer premises with a customer;

"Distribution" has a meaning given in Article 3.1 of the Law on Central Heating;

"Distribution Code" means the code as provided in Article 3.1 of the Law on Central Heating;

"Distribution System" has a meaning as provided by Article 3 of the Law on Energy;

"Distribution System Operator" has a meaning given in Article 3.1 of the Law on Central Heating;

"Distribution System Security and Planning Standards" means the document of that title to be prepared by the Licensee under the terms of this License.

"Eligible customer" means a customer who is free to purchase thermal energy from the supplier of his choice;

"Final customer" means a customer purchasing thermal energy for its own use;

"Financial year" is the reporting period of the Licensee for regulatory purposes, and usually covers the time-period from 15th October of actual year up to 14th October of the subsequent year, unless is otherwise specified in the relevant secondary legislation issued by ERO.

"Heat Distribution network" means a piping system, transporting heat from producer to customer;

"Heat or Thermal Energy" has a meaning given in Article 3.1 of the Law on Central Heating;

"Heat enterprise" has a meaning given in Article 3.1 of the Law on Central Heating;

"Heat system" means the integrated and connected system of generation, distribution and supply;

"Legislation" means Law on Energy (2004/8), Law on Energy Regulator (2004/9), Law on Central Heating (2005/02/L-49) and any other related legislation on heating primary legislation, or secondary legislation to be issued in execution of primary legislation, regulating the heat sector;

"Metering Code" has a meaning given in Article 3.1 of the Law on Central Heating;

"Metering device" has a meaning as provided in the Law on Central Heating;

"Modification" includes addition, amendment and substitution, and cognate expressions shall be construed accordingly;

"Supplier" means a person licensed to supply district heating;

"Supply" means the delivery and sale or resale of thermal energy to customers

2. Terms used in this License shall have the same meanings as the terms used in the Legislation.
3. In reference to paragraph (2) any modification or re-enactment of the legislation after the date when this license comes into force, shall apply.
4. Unless otherwise specified:
 - a) any reference to a numbered Article or to a numbered Annex is respectively a reference to the Article or the Annex bearing that number in this license;
 - b) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Article or Annex in which the reference occurs;
5. The heading or title of any Part, Article, Annex or paragraph shall not affect the construction thereof.
6. Where an obligation is imposed to the Licensee with specific deadline for performance that obligation shall continue to be binding and enforceable after that time limit without prejudice to all rights and remedies that may be imposed against the Licensee if such Licensee fails to perform within the time limit.
7. The provisions of Paragraph 6 shall apply in any case of document, direction or notice to be submitted or service to be performed pursuant to this license and directions issued by ERO.

Article 2: Separate Accounts for Distribution Business

Condition 1

In accordance with Article 49.2 of the Rule on Licensing of Energy Activities in Kosovo the Licensee shall fully comply with requirement of this Article within twelve (12) months from the date when this license is issued.

- 1 The Licensee shall prepare annual regulatory statements / accounts in accordance with the Temporary Instruction on Regulatory Reporting issued by ERO and shall deliver to ERO a copy of the annual audited statements / accounts so prepared, according to the time-schedule / relevant secondary legislation issued by ERO.
2. The Licensee shall, in its internal accounting, keep separate accounts for the Distribution System Operator's business as a whole, as well as separate accounts for any other licensed heat activities, other licensed energy activities, and any non-heat activities, in accordance with Article 6.3 of the Law on Central Heating. When requested from time to time by ERO, the Licensee must deliver all such accounts to ERO in the form and at the times specified by ERO. These accounts shall be in accordance with such Temporary Instruction on Regulatory Reporting as may be issued by ERO from time to time.
3. The Temporary Instruction on Regulatory Reporting or directions notified by ERO to the Licensee under paragraph 2 may, inter alia:
 - a) specify the form of the regulatory accounting statements/records, including but not limited to, profit and loss accounts, balance sheets, recognized gains and losses statements, cash flow statements and statements of the amounts of any revenues, costs, assets, liabilities, reserves or provisions which have been either charged from or to any other business or determined by allocation or apportionment between the consolidated Distribution System Operator's business and any other business.
 - b) specify the nature and content of the accounting regulatory statements/records, including information on specified types of revenue, cost, asset or liability and information on the revenues, costs, assets and liabilities attributable to specified activities.
 - c) specify the regulatory accounting principles (including the basis for the allocation of costs)
4. The Licensee shall not, in relation to the regulatory accounting statements in respect of a financial year, change the bases of charge, apportionment or allocation from those applied in respect of the previous financial year, unless ERO has previously issued directions for the purposes of this Article directing the Licensee to change such bases or ERO gives its prior written approval to the change in such bases.

5. The Licensee shall comply with any directions issued by ERO for the purposes of this Article.

Article 3: Prohibition of Subsidies and Cross-subsidies

The Licensee ensure that the Distribution business does not give any subsidy or cross-subsidy (direct or indirect) to, nor receive any subsidy or cross-subsidy (direct or indirect) from, any other business of the Licensee and/or any Affiliate or related enterprise of the Licensee and/or any other person.

Article 4: Compliance with Distribution Code, the Grid Code, the Metering Code and the Rule on General Conditions of Energy Supply

Condition 2:

In accordance with Article 49.2 of the Rule on Licensing of Energy Activities in Kosovo, following consultations with other relevant licensees, ERO may provide the Licensee with a direction with specific time schedule for implementation of this Article. Such direction may apply to such parts in the Codes and to such extent, as specified in such schedule.

1. The Licensee shall prepare a draft Metering Code and draft Distribution Code and submit them for approval to ERO, as specified in the Law on Central Heating. Once these Codes are approved by ERO, they cannot be changed without written agreement of ERO.
2. The Licensee shall be responsible for managing any proposals for modification of the Distribution Code or Metering Code, and for submitting any proposed modifications to ERO for approval.
3. The Licensee shall publish the applicable Distribution Code and Metering Code on its web-site in forms in which they may be easily downloaded and copied and shall be responsible to provide a copy of either Code to any person on request, subject on payment by such person of an amount not exceeding the Licensee's reasonable costs in making and providing such a copy. The due amount shall be approved by the Licensee from time to time and published on its web-site.
4. The Licensee shall comply with the provisions of the Distribution Code and the Metering Code insofar as applicable to it and all directions given by ERO in relation to the Distribution Code.
5. The Licensee shall comply with the Rule on General Conditions of Energy Supply issued by ERO.

Article 5: Licensee's Obligations Relating to Metering Devices

1. The Licensee shall purchase from its customers the metering devices which they own, in accordance with the requirements of the Law on Central Heating.
2. Where the Licensee installs any new metering devices, it shall install the metering devices corresponding to the customer's choice, in case approved tariffs enable

the customers of a given group to choose the mode and type of metering device for recording the consumed heat, in accordance with the Law on Central Heating.

Article 6: Connection to the Heat Distribution Network

1. The Licensee shall perform the efficient, economic and coordinated operation on the distribution system;
2. The provisions of Article 11 of the Law on Energy, Articles 45 to 48 and 52 of the Law on Energy Regulator, the Law on Central Heating; the conditions of connection as provided in the General Conditions of Energy Supply and the Distribution Code for heating, shall apply to the Licensee.
3. The Licensee shall allow the thermal energy generators to connect to the heat Distribution System, and it shall connect to the Heat Distribution System, as a priority, any thermal energy producers generating from renewable energy sources and co-generation, in accordance with Article 15.4 and 15.6 of the Law on Central Heating. The terms and procedures for connection to the Heat Distribution System shall be regulated in the Distribution Code.
4. All customers in areas covered by the heat distribution network have the right to be connected, if the connection conditions prescribed in the relevant Codes have been met, in accordance with Article 23.2 of the Law on Central Heating.
5. In the event that a commercial supply contract, as specified in Article 32.5 of the Law on Central Heating, is not concluded, due to fault of the customer, within the period defined in Article 32.4 of the Law on Central Heating, the distributor shall interrupt the connection of person unlawfully receiving or taking heat from the supply enterprise, in accordance with Article 32.6 of the Law on Central Heating.
6. Illegal connections and unauthorized works on the heating system shall be subject to relevant subsidiary acts, in accordance with Article 23.5 of the Law on Central Heating.
7. A customer who causes damage to the Licensee's property by carrying out illegal connections and unauthorized works, as afore-mentioned, shall be obliged to pay for those damages, in accordance with Article 23.6 of the Law on Central Heating.
8. The Licensee shall publish and make available on the Licensee's web-site the statement of charges for connection to the heat distribution system approved by ERO under Article 18 of the Law on Energy and Articles 45 to 48 of the Law on the Energy Regulator.

Article 7: Access to and Use of the Heat Distribution Network

1. The Licensee shall allow producers, suppliers and eligible customers, access to and use of the Heat Distribution Network on the basis of rules adopted by ERO and the Law on Central Heating.
2. The Licensee may refuse access to the Heat Distribution Network in accordance with Article 28 of the Law on Central Heating.

3. If no access to the Heat Distribution Network is allowed to eligible customers or producers, who wish to conclude contracts with Eligible Customers, the Eligible Customers or Thermal Energy Producers may apply to ERO for authorization for the construction of a Direct Heat Pipe for Supply, in accordance with Article 29 of the Law on Central Heating.
4. The Licensee shall prepare prices and tariffs for the use of the Heat Distribution Network, submit them to ERO for approval and publish the approved prices and tariffs in accordance with the provisions of the Law on Central Heating.

Article 8: Development Plan

1. The Licensee shall study the economic development and demand change prospects of its respective territory and prepare yearly short- and long-term plans for developing the distribution network and co-ordinate such plans with the Ministry of Energy and Mines and other respective municipalities. The content of the Licensee's studies and short- and long-term plans shall be made available to the generation enterprises / network users, in accordance with Article 15.3 of the Law on Central Heating.
2. The Licensee shall prepare, issue in accordance with Article 8 of the Law on Energy, Article 15.2 of the Law on Central Heating and Article 24.3 of the Rule on Licensing of Energy Activities in Kosovo, the development plan of the Distribution System for the following two (2) years.
3. The Licensee shall revise the development plan annually in order to ensure that the information set out in the development plan shall continue to be accurate in all material respects and shall submit it to ERO for approval. After approval the development plan shall be made publicly available.
4. The Licensee shall assist the Ministry of Energy and Mines and respective municipalities in the preparation of their plans, programs and development strategies, in accordance with Article 15.3 of the Law on Central Heating.
5. The Licensee shall be responsible for distribution network management and maintenance as well as for the maintenance of sites and facilities in accordance with the technical requirements contained in the Codes and Article 15.2 of the Law on Central Heating. The expansion and reconstruction of the thermal energy distribution networks from the thermal energy delivery point to the thermal energy generator shall be the responsibility of the distributor, in accordance to Article 15.5 of the Law on Central Heating.

Article 9: Economic Purchasing of Assets and Services

1. The Licensee shall contract or arrange for the provision of such assets and services, as may be necessary and appropriate to enable the Licensee to discharge its obligations under the legislation relevant to procurement, this license, and the Distribution Code.

2. In contracting or arranging for the provision of assets and services pursuant to paragraph 1, the Licensee shall purchase or otherwise acquire such assets and services from the most economical sources available to it.
3. In considering the most economical sources available, the Licensee shall have regard to the quantity, nature, diversity, number and reliability of such assets and services available at that time for purchase or other acquisition, and to its requirements to enable it to discharge its obligations under the Legislation, the Distribution Code, and this license.

Article 10: Registration and Disposal of Relevant Assets

1. The Licensee shall prepare and maintain a register of all relevant assets and shall provide ERO with such a register annually not later than on 31 January of each year.
2. The Licensee shall not dispose of, or relinquish operational control over, any relevant asset if the disposal or relinquishment of control would affect its ability to discharge its obligations, or if the asset has a replacement value of more than Euro 100,000.
3. In cases where the Licensee requests to dispose of certain assets owned or used by it, or of other resources used to perform the licensed activity, the Licensee will be obliged to notify ERO in writing. The Licensee may only realize the disposal of any assets following ERO's written approval.
4. The same as set forth in paragraph 3 applies to the outsourcing of assets or other resources used to perform the licensed activity.
5. In this Article:

"*Asset*" is considered:

- a) any Distribution equipment used by the Licensee in discharge of its functions under this License, or
- b) any legal or beneficial interest in land and/or premises upon which any of the foregoing is situated and/or used by the Licensee in discharge of its functions under this licence, or
- c) any relevant intellectual property right.

"*Disposal*" means any sale, assignment, gift, lease, licence, loan, transfer, mortgage, charge, restriction on use (whether physical or legal), or the grant of any other encumbrance or the permitting of any encumbrance or any other disposition to any other Business of the Licensee and/or a third party, and "dispose" shall be construed accordingly.

Article 11: Additional Use or Disposal of Relevant Assets

1. If any or all of the relevant assets are being utilized or disposed of by the Licensee (or any Separate Business of the Licensee) for interests other than or in addition to discharging the functions of the Distribution System Operator, the Licensee shall, not later than three (3) months after this License comes into

force, notify ERO of the same and provide ERO with such information as ERO may require in relation to such usage or disposal.

2. As and from the date of issue of this License, the Licensee shall not make any such additional use or disposal of any or all relevant assets referred to in paragraph 1 without the prior approval of ERO.

Article 12: Distribution System Security and Planning Standards

1. The Licensee shall, no later than twelve (12) months after this license has come into force, establish Distribution System Security and Planning Standards, and shall submit to ERO for approval. ERO may approve an extension to this deadline in response to a justified request by the Licensee.
2. The Licensee shall be responsible for operating, ensuring the maintenance of and, if necessary, developing the Distribution System in accordance with the Distribution System Security and Planning Standards or such other standard of planning and operation as the Licensee may adopt from time to time, following approval of ERO.
3. The Licensee shall periodically review the Distribution System Security and Planning Standards and their implementation. Following any such review, the Licensee shall send to ERO for review and approval:
 - a) a report of the outcome of such review; and
 - b) revisions which it is proposed to make to the Distribution System Security and Planning Standards (having regard to the outcome of the review).
4. ERO may issue directions requiring the Licensee to revise the Distribution System Security and Planning Standards in such manner as may be specified in the directions, and the Licensee shall comply with such directions.
5. The Licensee shall publish and make the Distribution System security and planning standards available on the Licensee's web-site.
6. The Licensee may seek a derogation relieving the Licensee of its obligations under paragraph 2 in respect of parts of the Distribution System Security and Planning Standards and ERO may issue directions relieving the Licensee of its obligations under paragraph 2 above in respect of such parts of the Distribution System Security and Planning Standards, to such extent as may be specified in those directions.

Article 13: Standards of Performance of Distribution System Operation Business

1. The Licensee shall conduct the distribution system operation business in the manner which it reasonably considers to be best calculated to achieve any and all standards and/or targets of performance as may be determined by ERO from time to time.

2. Within twelve (12) months after this license is issued, the Licensee shall prepare and submit to ERO for its approval a proposal for standards of performance, which shall:
 - a) identify the standards of overall performance to which it shall be obliged to adhere;
 - b) state the minimum standards of performance and service quality in relation to specific matters to which it shall be obliged to adhere from time to time and
 - c) specify the financial compensation that will be payable to customers in the event that the minimum standards of performance referred to in subparagraph b) are not complied with.
3. ERO may approve an extension to the deadline set forth in paragraph 2 in response to a justified request by the Licensee.
4. The Licensee shall implement the approved standards and shall propose to ERO for its approval procedures for monitoring compliance with the same. The Licensee shall comply with the approved procedures.
5. The Licensee shall review and, if appropriate, propose amendments to the approved standards and/or procedures developed in accordance with this Article as directed by ERO.
6. The Licensee shall provide to ERO not later than 31 March each year a report on the performance of the business against the performance standards. The report will include such information and analysis as ERO may require from time to time for the purposes of establishing whether or not the Licensee's overall performance meets, the performance standards established pursuant to this Article.
7. The Licensee in discharging its functions shall take into account the target of being objective and non-discriminatory.
8. The Licensee shall, not later than 31 March each year, publish in such a manner as ERO may direct statistics, identifying the extent to which its performance meets, or fails to meet, the performance standards established pursuant to this Article.

Article 14: Access to Land and/or Premises

1. The Licensee shall, no later than three (3) months after this License comes into force, prepare and submit to ERO for its approval a Code of Practice setting out the principles and procedures that the Licensee will follow in respect of any person acting on its behalf who requires access to land and/or premises in connection with the licensed business.
2. The Code of Practice shall include procedures calculated to ensure that persons visiting land and/or premises on behalf of the Licensee:
 - a) possess the skills necessary to perform the required duties;
 - b) are readily identifiable to members of the public; and
 - c) are appropriate persons to visit and enter land or premises.

3. The Licensee shall periodically review this Code of Practice and any revision of such Code of Practice shall be subject to the approval of ERO.
4. The Licensee shall ensure that it complies with such a Code or any revisions to such a code as approved by ERO from time to time.

Article 15: Restriction on Use of Certain Information

1. The Licensee may disclose any information other than the confidential held and/or obtained by it in the discharge of its functions as Distribution System Operator, except that this restriction shall not prevent the Licensee disclosing to ERO any information that ERO may require to carry out its obligations under the Legislation and under Article 26 of this License.
2. The Licensee shall procure that any document containing confidential information shall clearly identify the confidential information as confidential.
3. The Licensee shall take measures designed to prevent any person who is or ceases to be employed by the Licensee from disclosing confidential information.
4. The Licensee shall take all reasonable steps to ensure that confidential information is not used or disclosed for any purpose other than that for which it was provided pursuant to the relevant provisions of Rule on Confidentiality of Information.
5. In this Article:

"confidential information" means any commercial or other information held and/or obtained by the Licensee in the discharge of its duties under the Legislation, that is to be regarded as confidential under the Rule on Confidentiality of Information and under this license.

Article 16: Provision of Information to the other Distribution System Operators

1. Subject to the provisions of Article 15 (Restriction on use of certain information), the Licensee shall furnish to the other Distribution System Operators, in such manner and at such times as may be reasonably required, such information as may reasonably be required by the Distribution System Operators in order to ensure the secure and efficient operation, coordinated development and interoperability of district heating systems.
2. For the purposes of this Article, in case of any dispute between the Licensee and any other party, the Licensee shall apply the Rule on Dispute Settlement Procedure in the Energy Sector issued by ERO.

Article 17: Code of Conduct of the Distribution System Operator

1. The Licensee shall prepare a Code of Conduct, and submit it for approval by ERO within six (6) months from the date of issuance of this license.

2. The Code of Conduct shall apply to all staff members of the Licensee.
3. The Code of Conduct of the Distribution System Operator shall cover obligations of confidentiality, conflicts of interest and other related obligations.
4. The Licensee shall publish the Code of Conduct on its web site.

Article 18: Health and Safety

1. The Licensee shall take all reasonable steps to protect persons and property from injury and damage that may be caused by the Licensee when carrying out the Distribution System Operator business.
2. The Licensee shall ensure that an independent expert whose appointment is approved by ERO undertakes a technical and safety audit in respect of the Distribution System on an annual basis.
3. The Licensee shall provide the results of such audits carried out in a timely manner to ERO.

Article 19: Labor

The Licensee shall comply with all legislation applicable to labour relation whether in force at the date hereof or in the future.

Article 20: Change in Control of the Licensee

The Licensee shall notify ERO of any intended change in control of the Licensee at least sixty (60) days in advance of such a change. Change in control may not take place unless ERO has approved it.

Article 21: Public Service Obligation

The Licensee shall comply with any public service obligation imposed on it by ERO pursuant to Article 51 of Law on Energy Regulator.

Article 22: Provision of Information to ERO

1. The Licensee shall submit to ERO, in such form and at such times as ERO may require, such information as ERO may consider relevant in the light of the Articles of this License or as it may require for the purpose of performing the functions assigned or transferred to it, in accordance with Article 29 of the Rule on Licensing of Energy Activities in Kosovo or other applicable Legislation.
2. The power of ERO to require information under paragraph 1 is without prejudice to the power of ERO to require for information under or pursuant to any other Article of this license or under or pursuant to the Legislation.
3. The information shall be prepared to a level of audit as may be required by ERO from time to time.

4. If the Licensee requests that certain information shall be considered as confidential it is its obligation to mark such information as confidential and justify to ERO such request.
5. The Licensee shall deliver to ERO quarterly and annual reports about its Distribution business and compliance with the license's Articles in accordance to the Reporting Manual issued by ERO. This shall include an annual report on the status of the main equipment and calculation of continuity of supply, and the information in this report may include (without limitation):
 - a) Incremental and decremental prices
 - b) Constraint payments
 - c) Demand forecasts
 - d) Consumption details
 - e) System Demand profiles
6. The Licensee shall submit to ERO details of any changes to the information submitted with the application to this license.
7. In this Article:

"Information" means material in any form and includes, without limitation, any books, documents, records, contracts, accounts (statutory or otherwise), estimates, returns or reports of any description and any explanations (oral or written) in relation to such information as may be requested by ERO.

Article 23: Reasons for License Termination, Withdrawal and Modification

1. ERO may terminate this license in accordance to Article 39 of the Rule on Licensing of Energy Activities in Kosovo in case of:
 - a) expiration of the term of the Licence;
 - b) a request from the licensed energy enterprise in respect of its own license;
 - c) dissolution of the legal person holding the license;
 - d) upon decision of a court declaring the insolvency of the Licensee or court decision to terminate the thermal energy activity due to the Licensee's declaration of liquidation;
 - e) where the licensed thermal energy activity has not been conducted for more than six months, except where the suspension of activity is at the approval of the ERO;
 - f) where provisions of Article 44 of the Rule on Licensing of Energy Activities in Kosovo are met; and
 - g) as well as, if any amount payable in respect of a fee for this license is unpaid thirty (30) days after it has become due and remains unpaid for a period of another thirty (30) days after ERO has given the Licensee notice in writing that the payment is overdue, provided that, no such notice shall be given earlier than the day following the "day" the amount payable was due.
2. ERO may withdraw this License in the following cases, stipulated in Article 44.5 of the Rule on Licensing of Energy Activities in Kosovo, provided that the

obligations of the Licensee shall be carried out by another licensee or that customers are not disadvantaged by such withdrawal:

- a) the Licensee defaults or violates material conditions or obligations in the license and such defaults and violations have not been remedied within the deadline given by ERO or seriously damage the quality, safety and reliability of the service that the Licensee was obliged to provide;
 - b) license monitoring by ERO or the inspectorate finds failure to fulfil administrative requirements and such failure has not been remedied within the deadline provided by ERO;
 - c) the Licensee presented materially false information upon which the License grant was based.
3. In accordance with Article 35 of the Rule on Licensing of Energy Activities in Kosovo, ERO may modify this license in the following cases:
- a) at the request of the Licensee
 - b) where required to protect the heat system in Kosovo, in connection with security of supply or security of life and health of citizens or protection of environment
 - c) in order to adhere to new requirements set forth in international agreements and national laws, regulations and other applicable legislation;
 - d) as a sanction for violation of license terms and conditions, pursuant to Article 44 of the Rule on Licensing of Energy Activities in Kosovo.

Article 24: Administrative Measures and Fines

1. In case of violation of any provision of the legislation, of any Article of this License and of any ERO's instruction to the Licensee, ERO shall have the power, pursuant to Article 56.2 of the Law on Energy Regulator and Rule on Administrative Measures and Fines, either to prevent the Licensee from repeating the illegal action or, if the action has stopped, to issue a regulatory decision requiring that a particular action has to be taken or to impose an administrative fine to the Licensee and/or the members of its Board of Directors and/or its executives.
2. Prior to issuance of a fine, ERO shall issue a notice of license violation to the Licensee and shall provide the Licensee with an opportunity to respond to ERO, in writing, within fourteen (14) days of notification, and to remedy the violation.
3. A fine shall be imposed on the Licensee in accordance to Article 57 of the Law on Energy Regulator and Rule on Administrative Fines and Measures in the event that the Licensee violates the requirements of that Article insofar as they are applicable to the Licensee.
4. The amount of the fine will be evaluated in accordance to the Rule on Administrative Measures and Fines. In any case, if the fine mentioned in paragraph 3 is imposed on the Licensee, it must not exceed 15% of the Licensee's gross revenues from the business conducted under this License in the previous financial year.

5. If the fine mentioned in paragraph 3 is imposed on a member of Board of Directors or an executive of the Licensee, it must not exceed 300% of the monthly remuneration received by that person from the Licensee.
6. In the case of repeat violations, the fine imposed may be three (3) times greater than the amount authorized in paragraph 4 or 5.
7. When imposing a fine, in accordance to this Article, ERO shall take into account the degree of social harm of the action, the prior behavior of the Licensee or person concerned, and the financial standing of the Licensee or person.
8. If a fine imposed by ERO is not paid, ERO shall initiate court proceedings for the collection of the fine as a civil debt.

Article 25: Settlement of Disputes

1. Any dispute arising out or in connection with the licensed activity shall be settled in accordance with the Rule on Dispute Settlement Procedure in the Energy Sector adopted by ERO.
2. Decisions of ERO regarding the modification, withdrawal or termination of the license, as well as those regarding any fines resulting from breaches of the license or of the applicable legislation, may be appealed by the Licensee to the court of competent jurisdiction.