



Hamdi Mramori Street, No 1
Prishtina 10000 – Kosovo
Tel: +381 (0) 38 247 615 ext. 103
Fax: +381 (0) 38 247 620
e-mail: info@ero-ks.org
www.ero-ks.org

Prishtina March 9th, 2006

From: **Dr. Nick Frydas**
Head of Energy Regulatory Office

To: **Mr. John Ashley**
Managing Director KEK

Mr. Agron Dida
Deputy Minister of MEM

CC: **Dr. Joachim Ruecker**
DSRSG – EU Pillar

Mr. Ekrem Belegu
Permanent Secretary, Ministry of Energy and Mining

Mrs. Lejla Uzicanin
Economic Policy Advisor, /KTA

Mr. Ilir Salihu
Executive Officer POEs, KTA

Mr. Sean Mc Goldrick
Executive Director, KEK

Mr. Francois Pienaar
Director Revenue Protection

Dr. Ali Hamiti
Regulatory Division, KEK

Mrs. Sherife Avdyli
Regulatory Division, KEK

Mr. Ognjen Markovic
Head of Energy Office, /KTA

Bcc: **Members of the Board of ERO**

Subject: **Final Report on Monitoring Disconnection Policy of KEK**

Monitoring Disconnection Policy of KEK.

On 10.04.2005 the Energy Regulatory Office ("ERO") issued the decision D_02_2005 on approval of "Disconnection Procedures" of KEK and Decision D_03_2005 on Approval of "Service Connection Procedures and Prices".

In accordance to the Article 54 c) of the Law on Energy Rregulatory Article, the **Energy Regulatory Office is entitled to exercise supervision over implementation of acts, decision, and instructions.**

Therefore the Customer Protection Department (CPD) within ERO has undertaken the following activities:

- ✚ In a letter dated 21.12.2005 to KEK, (cc to stakeholders: MEM, UNMIK) ERO requested the information and data for monitoring of Disconnection Policy
- ✚ On date 12.01.2006, ERO had a meeting with management staff of KEK responsible for Disconnection Policy
- ✚ ERO analyzed the received data from KEK, and submitted the first report to Board of ERO
- ✚ ERO analyzed the comments received from Head of ERO and Board Members, and
- ✚ At the end of February was sent a second letter to KEK requiring additional data and explanations on some received data's.

Based on data and information ERO is submitting the final report as follows:

1. Number of Disconnection teams per district and sub-district

KEK presented data on disconnection for the period Jun-December 2005, including the numbers of Disconnection teams per district (December 2005), data is presented in Tab.1.

| Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|-----------|---------|---------|---------|------|-----------|---------|-------|
| 19 | 11 | 10 | 8 | 8 | 8 | 3 | 67 |

Tab.1 (No. of Disconnection teams per district, December 2005)

- 1.1 Analyses of the presented data and discussions with staff members of KEK showed that KEK **has established** the system for the disconnection of customers.
- 1.2 The system referred in Article 1.1. is managed by the central level going down to the districts, in each district are appointed managers responsible for disconnection process. The Director of Payment Control and Disconnection of Supply Division of KEK has explained the procedures and steps of disconnection process, and the problems on implementation of such procedure as follows:
 - Number of disconnection teams are not sufficient to cover the needs of disconnection
 - Targets are: 7 disconnections/day in urban areas, and 5 in rural areas. If the targets are not achieved; the disconnection team will lose bonuses, or if the results are very weak they can be suspended (just two teams were not achieving the monthly targets)
 - In 90% of the cases the targets are achieved by disconnection teams (KEK statement);
 - All teams are equipped with digital cameras, but they have logistic problems (they don't have sufficient number of vehicles)
 - For Prizren district there is a need for 8 additional teams

- There will be 4 additional teams for disconnection of non-household customers (big consumers, with installed maxi graph); these teams will be responsible to make disconnections in all Kosovo.

Conclusion by ERO-Presented results are not showing that disconnection teams are achieving the targets, see Tab.2

| Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Average |
|-----------|---------|---------|---------|------|-----------|---------|----------------|
| 4.3 | 3.9 | 4.0 | 4.5 | 3.4 | 3.6 | 3.2 | 3.8 |

Tab.2 (Average disconnection per day of disconnection teams, Jun – December 2005)

2. Number of Disconnection Notices issued by KEK

Tab.3 presents the total number of notices issued by KEK during the period (Jun – December 2005)

| Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|-----------|---------|---------|---------|--------|-----------|---------|----------------|
| 27,596 | 20,597 | 14,293 | 9,350 | 11,023 | 10,782 | 6,046 | 109,687 |

Tab.3 (Total No. of Disconnection Notices Issued by KEK: Jun – Dec. 2005)

The disconnection notices are delivered to customers through the KEK staff members who are responsible for reading ,of meters, each customer should sign that he received the notice. Due to the difficulties to deliver directly the disconnection notice, sometimes the meter readers are leaving such notices to the premises of customers and signing on behalf of customers.

The total debt was around **137 Million EURO** for customers who were notified to be disconnected.

3. Number of customers who paid the debt or signed Debt Settlement Contract (DSC) with KEK, within deadline notified in disconnection notice.

The total number of customers who avoid the disconnection due to the payment of debt or signing the DSC are presented in Tab.4.

| Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|-----------|---------|---------|---------|-------|-----------|---------|---------------|
| 5,822 | 10,573 | 1,090 | 1,629 | 2,741 | 1,539 | 1,791 | 25,185 |

Tab.4 (Total No. of Customers who avoid the disconnection in given deadline)

Only **22.9 %** of customers have avoided the disconnection by the given deadline.

Total amount of debt paid by customers to KEK was € **6,266,386**

This means that Million € 51.4 was agreed to be paid, but only 12 % of this amount was collected. ERO didn't receive information on amount of debt settled to be paid with DSC! KEK has explained that this information can be submitted, but they need the time to collect all information's from districts.

******* In some cases; customers (Institutions, companies, etc.) are paying their debts through bank accounts. This payment is done within the deadline in disconnection notice, but due to the poor exchange of information between the financial and Supply Division this payment is not registered to the customer account (ID) in KEK, and the supply division (who has not received the information that customer has paid his debt) is taking the action and disconnecting the customer.

The customer is charged with disconnection fee, and this is not refunded later by KEK, even the customers are proving that the payment was done in given deadline.

KEK shall avoid such cases, but if this happens; KEK shall refund to customer the charged disconnection fee.

4. Number of Customers that challenged disconnection notice offering the evidences' as matter of wrong issuance of notice.

There were 82 complaints of customers on issued disconnection notices, and 350 complaints on non-received disconnection notices. ERO didn't receive the information about the resolved customer complaints.

5. Number of customers disconnected by KEK, applying the decision on Disconnection Procedures

The total numbers of customers disconnected by KEK are presented in Tab. 5 for the period Jun – Dec. 2005.

| Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|-----------|---------|---------|---------|-------|-----------|---------|---------------|
| 9,696 | 6,823 | 5,955 | 4,196 | 3,849 | 3,957 | 1,790 | 36,266 |

Tab.5 (Total No. of Customers disconnected by KEK; Jun-Dec. 2005)

KEK has disconnected **33.063 %** of total number of customers who were notified for disconnection (Jun – Dec. 2005)

KEK has given the reasons why all notified customers were not disconnected:

- Annual leaves of employees, and inappropriate number of available vehicles;
- Disconnection notices are issued according to number of disconnection teams, and based on forecasting the number of customers expected to pay the debt notified in disconnection notice. This forecast was lower than expected and this was the reason why they didn't manage to disconnect all notified customers.

KEK was not able to provide the information on total amount of debt of the customers, disconnected by KEK;

KEK provided a justification that they need more time to collect this information.

6. Categories of disconnected customers in % - per district and total

| | Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|--------------------|-----------|---------|---------|---------|-------|-----------|---------|--------------|
| House hold (%) | 67.41 | 61.87 | 28.71 | 51.24 | 49.29 | 70.08 | 39.57 | 52.59 |
| Non house-hold (%) | 32.59 | 38.13 | 71.29 | 48.76 | 50.71 | 29.92 | 60.43 | 47.41 |

Tab.6 (Categories of disconnected customers in %)

7. Number of Customers reconnected after reason of disconnection has been resolved

The total numbers of customers reconnected after the reason of disconnection have been resolved are presented in Tab. 7

| Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|-----------|---------|---------|---------|-------|-----------|---------|---------------|
| 4,087 | 2,642 | 1,355 | 1,667 | 1,300 | 1,320 | 494 | 12,865 |

Tab.7 (Total No. of Customers reconnected by KEK after reason of disconnection have been resolved; Jun-Dec. 2005)

After disconnection by KEK, only **35.47 %** of customers have been legally reconnected by KEK. Others are illegally reconnected or are still without power supply?

KEK has reported that illegally reconnected customers were disconnected for a second time, and if they were reconnected again; the controllers of the KEK were preparing the case for a court.

KEK was not able to provide the information on total amount of debt paid by reconnected customers; KEK provided a justification that they need more time to collect this information.

8. Number of customers connected or reconnected without written authorization from KEK,

The total numbers of customers connected or reconnected without written authorization by KEK are presented in Tab. 8

| Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|-----------|---------|---------|---------|------|-----------|---------|--------------|
| 1,552 | 995 | 1,077 | 901 | 230 | 193 | 46 | 5,040 |

Tab.8 (Total No. of customers illegally connected/reconnected; Jun-Dec. 2005)

KEK disconnection teams/controllers have find out only **13.89%** of customers who were illegally connected after their disconnection. KEK doesn't have information about **17.193** customers that may be considered as illegally reconnected

9. Number of customers who still remain disconnected

The total number of customers who are still disconnected (December 2005) are presented in the Tab. 9.

| Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|-----------|---------|---------|---------|------|-----------|---------|--------------|
| 142 | | 72 | 278 | 440 | | 245 | 1,177 |

Tab.9 (No. of customers who are still disconnected December 2005)

KEK doesn't have reliable data on number of customers who are without power supply due to the disconnection by KEK.

10. Number of penalties paid to KEK in accordance to Chapter 2 of Decision D_02_2005 for unauthorized connection or reconnection

KEK submitted to ERO the amount of billed disconnection notices and amount of billed fines, as presented in the Tab. 10.

| | Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|------------------|-----------|---------|---------|---------|---------|-----------|---------|------------------|
| Disco.Notice (€) | 265,604 | 191,084 | 139,290 | 107,524 | 126,794 | 105,133 | 56,879 | 992,308 |
| Fines (€) | 848,987 | 509,795 | 372,152 | 274,082 | 239,572 | 170,335 | 113,218 | 2,528,101 |

Tab. 10 (Billed disconnection notices and fines)

KEK has billed Milon € **3.5** (Jun-Dec.2005) to customers for issuing the disconnection notice, and for the charges for disconnection and reconnection.

KEK was not able to inform us:
 What was total amount of collected many? or
 What is the settled debt from this charges?

11. The register of paid fines and penalties in KEK’s accounts.

Currently KEK doesn’t have possibilities to divide the payment for energy consumed from the payment of fines and penalties; each customer is charged on his/her bill with: Consumption, TV tax, disconnection notice, disconnection/reconnection charge etc., and when the customer is paying the amount of debt, or is signing the DSC, it is not foreseen which part of charge he/she has paid or settled.

In their explanatory notes KEK doesn’t present any clarification on this issue.

12. Number of cases when KEK applies article 10.2 of Decision D_02_2005 (removal of equipments for energy supply to customers, due to repeated violations by customer)

The total number of cases when was applied/implemented by KEK article 10.2 of Decision D_02_2005, are presented in Tab.11.

| Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|-----------|---------|---------|---------|------|-----------|---------|--------------|
| 1,304 | 886 | 0 | 0 | 230 | 315 | 46 | 2,781 |

Tab.11 (Total No. of customers where were removed the equipments for supply; Jun-Dec.2005)

13. What types of disconnection are used (removal of the fuses; disconnection in the electric meters; removal of overhead fuses; removal of connection cables; or other)

The following methods were used on disconnection of customers:

- Disconnection on electric meter
- Disconnection on Electric pillar
- Removal of supply cable

14. Number of cases proceeded in court, and number of cases resolved by court.

The total number of cases proceeded to court and number of cases resolved by court are presented in Tab.12

| | Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | Total |
|-----------|-----------|---------|---------|---------|------|-----------|---------|--------------|
| Proceeded | 492 | 241 | 158 | 150 | 111 | 193 | 16 | 1,361 |
| Resolved | 0 | 0 | 7 | 0 | 0 | 0 | 0 | 7 |

Tab.12 (Total No. of cases proceeded to court and resolved cases by court; Jun-Dec.2005)

From **1,361** cases proceeded to court only **7** cases were resolved by court (in Ferizaj district)

Results of cases resolved by court, are expected to be submitted by KEK in near future

The report written above was based on data’s submitted by Supply division of KEK.

Below is report based on data’s submitted by Network division of KEK.

15. Date and time of reading (recording) the meters in substations 110/10 kV, 110/35kV and 35/10 kV per each settlement period and feeder

In substations 110/10 kV, 110/35kV and substations 35/10 kV the reading is done on the 1st day of the month, at 8:00 AM.

16. Number of feeder meters in substations with possibilities of automatic recording (memorizing) the values of energy/date.

There are **137** Digital feeder meters installed in substations

17. Time schedule of reading the meters to customers;

Readers of Distribution Network are reading the meters from date **01 to 05** of each month; The accuracy of this information, in particular related to household customers has to be verified.

18. Number of feeders into substations without meters – per district and total

| | Prishtina | Prizren | Ferizaj | Gjilani | Peja | Mitrovica | Gjakova | TS 110/10 kV | Total |
|---------------------------------------|-----------|---------|---------|---------|------|-----------|---------|--------------|------------|
| No. of feeders (10 kV) without meters | 96 | 21 | 8 | 6 | 14 | 0 | 23 | 23 | 191 |

The number of feeders without meter (Tab. 13)

19. Number of Substations with alternative supply feeder in meshed network

The **531** substations (10/04 kV) have possibilities of alternative supply.

20. Number of customers who have technical possibilities to change the feeder

They are technical possibilities for **72,364** customers to change the feeder of supply.

21. Copies of all documentations including reports, working papers, memoranda and data explaining the reconciliation processes.

Supply Division of KEK presented to ERO all documentations related to procedures of disconnection, showing the filed documentation for each disconnected customer. The data is electronically registered and each case is filed, all measures taken by KEK are recorded and filed.

Conclusions

On improving the disconnection policy KEK shall undertake following measures:

- Provide an Action Plan to ERO with prioritized activities related to disconnection policy. The action plan to be submitted to ERO within one month from the day of receiving this report. Each task of action plan to be discussed with ERO and to set the realistic achievements and schedule of implementation.
- To make efforts and inform ERO on activities and plan to install meters in substations/all feeders and to customers.
- Make clear division of income from taxes, charges, penalties and fines, from the income from charges of consumed energy. They need to be registered in different revenue categories. KEK shall provide to ERO, a plan for management of this issue within one month from the date of receiving this report.
- To take measures in the improvement disconnection policy in compliance with Rule on Disconnection and Reconnection of customer that supersede the decision D_02_2005.

In addition to above mention activities, KEK need to continue implementation of disconnection policy with main focus on:

- Ensure that customers have received the disconnection notice, before proceeding the disconnection procedures
- Improve the awareness campaign on their (KEK) disconnection policy
- Inform customers on their rights and obligations
- Inform customers for consequences and fines that they must pay if they are disconnected.
- Improve the efficiency of established disconnection teams
- Increase number of staff for resolving customers complaints
- Co-operate with municipalities and local government, and ask for their support.
- Controlling and monitoring the disconnection teams; take disciplinary measures for teams who failed to implement policy (dismiss teams who are corrupted)
- Increase number of disconnection teams in all districts
- Provide logistic support to the disconnection teams (vehicles, tools for disconnection, vehicle with lift)

KEK disconnection policy requires support by:

- Customers
- PISG (court, police, ministries, ERO, municipalities)
- Donors, UNMIK