

Press Release

PUBLIC SESSION OF ENERGY REGULATORY OFFICE

PRISTINA, DECEMBER 06, 2005: The Board of Energy Regulatory Office will conduct a Public Session, in KEK premises (Toskana, conference room), on 15th of December 2005. The aim of this Public Session is the adoption of four rules required by the Law on Energy Regulator. The rules under consideration establish how ERO will function and the methodology and process for determining the tariffs.

The rules to be considered at the public session are:

1. ERO Statute determines the internal structure and decision-making process of ERO. The proposed rule provides that all decision making sessions of the Board shall be open to the public except where confidential information is considered.

2. Code of Conduct and Ethics establishes the ethical principles and rules of conduct that govern the staff members (including the members of the Board) in ERO. It is providing guidance in upholding ethical and legal responsibilities and how to avoid the actual or apparent conflicts of interest and prescribes responsibilities regarding confidentiality of information, relations with customers, donors, investors, and media.

3. Electricity Tariff Methodology describes how allowed revenues to be recovered from regulated tariffs will be determined by ERO and sets out principles that should guide energy enterprises in preparing tariff proposals. Objectives of the Tariff Methodology are

- **Financial viability** - tariffs must allow full cost-recovery if investment is to take place
- **Efficiency** - tariffs should give incentives to reduce costs and should be cost reflective
- **Acceptability** - tariffs must be affordable and increases should be linked to improvements in service quality

4. Pricing Rule determines the principles for calculating and approving regulated tariffs in the electricity sector in Kosovo and the procedures for submission, review, modification, approval and supervision of regulated tariffs by energy enterprises.

The purposes of this Rule are to ensure:

- a) the transparent and non-discriminatory functioning of an energy market based on free market principles;
- b) the transparent and non-discriminatory performance of energy activities which are subject to public service obligations;

- c) that prices for energy activities which are regulated are reasonable and fixed on the basis of a tariff methodology;
- d) that the interests between customers and energy enterprises are adequately balanced;
- e) the implementation of appropriate measures to strengthen the social and economic cohesion throughout Kosovo;
- f) security of supply of electricity through the maintenance and construction of necessary generation and transmission capacity and network infrastructure including interconnection capacity;
- g) Protection of customers through promoting transparent and open access to information regarding pricing and tariffs.

In developing the proposed rules, ERO posted the rules on its website and held public hearings on all four rules so it could receive and considered comments. An opportunity for further public comment will be provided at the public session.

Copies of the proposed rules and the meeting agenda are posted on the ERO website: www.ero-ks.org.

Energy Regulatory Office is an Independent Regulatory Authority under section 11.2 of the constitutional framework, established on the 30th of June 2004 according to Law 2004/9 and Regulation 2004/20.

ERO has been established to ensure a reliable, safe, and environmentally sound supply of energy to the consumers of Kosovo, and to promote, establish and protect a competitive energy market based on principles of objectivity, transparency, and non-discrimination.