

08 August 2006

## MINUTES OF THE BOARD MEETING

Present:

Nick Frydas **N.F.** *Chairman of the Board* .....

Theranda Beqiri **Th.B.** *Member of the Board* .....

Naim Bejtullahu **N.B.** *Member of the Board* .....

Nysret Avdiu **N.A.** *Member of the Board* .....

Azem Kastrati **A.K.** *Head of Customer Protection Department* .....

It was proposed by **NF** that items 2 and 3 of the agenda to be postponed for another meeting, and the meeting started with the item 4 which was Claim by Mill BIRILIK.

**1. Claim of Mill BIRILIK to the CPD of ERO – A.K.** explained the situation of Mill BIRILIK that CPD did not receive the proper calculation of the unregistered energy which was required by KEK. On 08.08.2006 at about 10 o'clock CPD did receive some calculations which were not in accordance with what CPD proposed to KEK.

The claim had to do with charging of an amount by KEK to the customer related to consume of unauthorized energy, as explained, improper register of used energy by the electric meter. KEK was unable to prove whether the electric meter was tampered. **AK** explained that according to KEK's records, first visit was made on 20.05.2004; on the third visit KEK team has found that phases were changed and this was the reason why the consumed energy was not registered. On the second visit they found the unsealed points in the meter and on 11.06. 2004, KEK has sealed the points of the meter, and until 11.09. 2006 read the meter, whereas they observed that more energy was being consumed than metered. So the calculation was made as follows: three months average consumptions and this was added for 12 months back from 11.09.2006, which makes the amount of 18,446.72 Eu.

Since KEK can not prove that the meter was tampered, they assume that due to change of phases, unsealed of two points of the meter it was registering just 1/3 of the consumed energy. The site was visited by the team of CPD of ERO. **NA** explained that the Mill is connected to the electric network since seventies (70'), and the transform station is owned by him which is being kept locked. Nobody can enter there without his approval, apart from KEK teams.

As a conclusion **AK** mentioned that the process made by KEK teams is of a low level.

**NF** stated that ERO does not have this kind of regulation on calculation. **NB** stated that Rule on General Condition on Energy Supply requires that KEK develop a methodology which should be adopted by ERO, including the methodology for calculation of unauthorized energy. **AK** stated that this is a complaint of 2004 and ERO has authority for the complaints of that period.

**NB** stated that ERO can take a decision to allow KEK to calculate unmetered energy. **AK** mentioned that in cooperation with ERO Legal Department there is no legal basis for this calculation. **NA** stressed that the Legal Department of KEK is not functioning at all, as a result of

this, details to solve this case are missing. **NF** stated that this can be as a warning to KEK to do a proper job.

**AK** proposed according to Article 18.5 on Rule on Dispute Settlement, ERO shall not bring a decision and provide parties with the written explanation regarding the reason for delay and estimated date of decision. Also a written warning to be send to KEK, in case the whole process is prepared properly, the Board of ERO shall vote negatively.

It was decided that in the meeting of 08.08.06, ERO Board has examined the Claim of customer Mill Birilik and based on Article 18.5 has decided to postpone the decision pending further submission by KEK in order to justify according to the Law and applicable Regulations the amount of unmetered energy. In case CPD will not receive the required information, ERO will decide in favour of customer. This will be copied to both, customer and KEK.

2. **Albanian Translator** – **AB** mentioned that six candidates applied, they were all invited, and only four came for the interview. According to the panel, Ms. Alketa Sala is the first choice, Mr. Jeton Ademi the second and Mr. Nimon Jusaj the third. The three of them are very good in English (written and spoken). Mr. Nimon Jusaj has translated the Laws on Energy and Electricity. **TB** stated that we will wait until Friday for Ms. Sala's response, if she does not make a decision until then, we should go with the second choice. **NA** proposed that Nimon Jusaj should be the second choice, if he has translated the Laws on Energy and Electricity. If Ms. Sala withdraws on Friday then we should give a chance to the second one (Mr. Nimon Jusaj), and then the third choice should be Mr. Jeton Ademi.

**NF** stated that with the consent of the majority of Board Members Ms. Alketa Sala is the selected candidate for the position of Albanian Translator with alternative Mr. Jeton Ademi as a second choice, and Mr. Nimon Jusaj. Two other candidates will be informed by **AB** to wait until Friday for the final decision.

3. **Public Consultations on Price Reviews** – **TB** mentioned that the dates are put on Implementation Plan and Price Review Notice. It will be on beginning of September. **NF** stated that a date should be selected as ERO has to inform the public. **NA** proposed Tuesday, 12<sup>th</sup> of September 2006. **TB** agreed with it as tentative date adding that all consultants shall be here beginning of September, and the arrangement can be made. **NF** mentioned that ERO decision on Allowed cost will be taken and according to the ERO's Legislation there is a deadline for this. If we go back, also the decision should be pushed back, and we also have to take a decision on allowed rate of return.

**TB** stated that since the decision for WACC is postponed for a week, we are suggesting 12<sup>th</sup> of September 2006 as a tentative date for a Public Hearing on KEK and KOSTT Allowed Revenues and Tariff Structures. KEMA has promised that they will come back with the numbers for the Public Hearing.

4. **MOU with MFE** – **NF** mentioned that ERO Budget Revision from Sept –Dec 2006 has been sent to the Assembly of Kosovo, and asked for an explanation whether ERO has to send it every year. **PJ** stated that MEF works per Fiscal Year and ERO has to submit for the full year 2007 somewhere by the end of October or beginning of November. At that time ERO will be provided with the information whether EU will continue to finance ERO Local employees.

**NF** asked whether ERO should sign the MOU with MEF. **PJ** answered that it is not need according to Mr. Agim Krasniqi, Permanent Secretary of MEF, who stated that Minister of MEF has nothing to do with it, and ERO should continue to follow the Law and Budget Proposal should be send to the Assembly of Kosovo. They can either approve it or ask for more details. **PJ**

emphasized that Mr. Krasniqi said that ERO as an organization can not decide on its own salaries, and it has to be approved by the Assembly. **NF** asked that who will be operating with the account open with BPK. Names of authorized people are not put there. **NA** stated that according to the Law, the Parliament only reviews ERO's budget, and it does not approve it. **PJ** suggested that ERO should be prepared for added duties especially the Administration and Finance Department after the Assembly replies to ERO. **NF** mentioned that consultants (NERA) should also be engaged in this. **PJ** mentioned the urgency of employing a certified accountant and internal auditor.

**NF** suggested that **PJ** should contact Patrick Vander Laan in EU with regards to Financial Rules and **AB** contact the Office of General Auditor within MEF. **NA** will ask about the open bank account with BPK.

##### 5. Allocation of Cross-Border Capacity

**NF** mentioned that KEK received a fax from EMS related to changing of allocated capacities in their Borders. There has been a transparent tender on February 2006 for the import; ERO was present monitoring this tender and three traders: EFT from Serbia, ESP from Czech Republic and EGL from Switzerland and each one has various quantities. ERO has been contacted twice by EGL complaining about EMS for not allowing EGL to have capacities in the borders. Task of ERO not to favour anyone but make it possible for just any trader offer their product as only competition can bring prices down. Therefore **NF** proposed to send a letter to EMS saying that capacity which is required for KEK to be imported every month, must be classified as already an allocated capacity, in order to meet public obligations, and furthermore there was a transparent tender and each trader has been awarded for the specific quantities.

**NB** suggested not to write directly to EMS, and ERO has no authority on EMS. Or ERO has to write to the Serbian Regulator. If ERO decides to write to Serbian TSO, ERO has to use its actual position in SETSO Task Force. Letter should be copied to EMS, Ministry of Energy and Mining in Serbia and stakeholders in Kosovo, UNMIK Pillar IV.

**NF** mentioned that ERO can not impose anything to Serbian TSO, but can impose to KEK not to discriminate. KEK is importing from NEK, but NEK has repeatedly refused to get a licence there in Kosova. **NF** suggested that KEK should be said that they should not deal with traders who refuse to apply for a licence.

Related to this, ERO Board has decided to reply to the Serbian Regulator asking them to continue the existing regime and taking a decision as a preventive measure to allow only imports of energy according to the awarded tender on 6<sup>th</sup> of February 2006.