

Prishtina, 29<sup>th</sup> January 2007  
ERO Code: D\_30\_2007

## **The Board of the Energy Regulatory Office**

Has determined the need for an interim transmission charging arrangement to apply prior to the coming into effect of new Transmission Use of System (TUOS) charges for the year 2007.

### **Taking into account:**

1. That new TUOS charges will not take effect until 19<sup>th</sup> February 2007 or later, in accordance with the provisions of the Rule on Principles of Calculation of Tariffs in the Electricity Sector (the 'Pricing Rule') and the submission date of proposed TUOS charges by KOSTT JSC on 10<sup>th</sup> January 2007.
2. The resulting need to establish an interim charging arrangement governing payments by KEK JSC to KOSTT JSC for the use of the transmission network and the provision of system management and market operator services to apply from 1<sup>st</sup> January 2007 until the date of effectiveness of new TUOS charges.
3. The previous interim charging arrangement entered into between KEK JSC and KOSTT JSC under their joint "Agreement Relating to the Transitional Commercial and Operational Relationship between KEK JSC and KOSTT JSC", which expired on 1<sup>st</sup> January 2007.

### **In the Board Session of 29<sup>th</sup> January 2007, has decided to:**

1. Require the continuation of the interim charging arrangements established between KEK JSC and KOSTT JSC under their joint "Agreement Relating to the Transitional Commercial and Operational Relationship between KEK JSC and KOSTT JSC", until the date of effectiveness of the new TUOS charges.
2. Approve that, consistent with this agreement, KEK JSC will pay, each month, the sum of €510,000 to KOSTT JSC for the use of the transmission network and the provision of system management and market operator services. For periods of less than one complete month, this sum will be adjusted pro-rata to the part of the month subject to the interim charging arrangement.



Energy Regulatory Office  
Zyra e Rregullatorit për Energji  
Regulatorni Ured za Energiju

Board of ERO:

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Nick Frydas, Chairman,

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Merita Kostari, member,

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Theranda Beqiri, member

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Nysret Avdiu, member

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Naim Bejtullahu, member

## **Attachment: Interim Charging Arrangements**

Under the KEK JSC – KOSTT JSC “Agreement Relating to the Transitional Commercial and Operational Relationship Between KEK JSC and KOSTT JSC on the Transfer of Responsibility for Operation and Maintenance of the Transmission Network to KOSTT JSC”, the following interim arrangements for payments for the use of KOSTT JSC transmission network and market and system operator services were established:

### **Article 4. KOSTT Interim Tariff**

- 4.1 As a result of the good offices of the ERO the payment of the Interim Tariff from KEK JSC to KOSTT JSC has been agreed on the following basis:
- 4.2 The 2006 operational budget for the Transmission and Dispatch Division was approved by the KEK JSC Board at €3.57 million. The balance of this amount which has not been spent by KOSTT JSC at 30 June 2006 will be paid by KEK JSC to KOSTT JSC as the Interim Tariff in seven equal installments commencing in July 2006. The first installment shall be paid on 1 July 2006 to provide opening working capital; the remaining installments shall be paid on the fifteenth day of the month. The monthly installments shall be subject to a quarterly adjustment for the KEK JSC revenue collection performance. .
- 4.3 The proposal for the Interim Tariff submitted to the ERO, and the resulting decision of the ERO are included in Annex 7.
- 4.4 The adjustment for the revenue collection performance shall be made on a quarterly basis, to reflect the cumulative revenue collection by KEK JSC at September and December 2006. However, KOSTT JSC will require a monthly review of KEK JSC's revenue collection performance to monitor the potential consequences for the payment of the outstanding balance of the Interim Tariff. Any adjustment to the Interim Tariff will be made in the month following the end of the quarter.

The KEK JSC – KOSTT JSC expired on 1<sup>st</sup> January 2007. However, ERO considers that it can continue to provide a basis for an interim charging arrangement between KEK JSC (Supply) and KOSTT JSC until the date of effectiveness of the approved new TUOS charges. In particular, the payments under this arrangements are affordable for KEK JSC under its current retail tariffs.

The interim charging arrangements approved by ERO are, therefore, as follows:

1. KEK JSC will pay to KOSTT JSC the sum of €510,000 (calculated as €3.57 million divided by seven months) each month until the new TUOS charges take effect.

Where the new TUOS charges take effect part-way through a month, the sum payable under these interim arrangements will be calculated on a pro-rata basis.