

## Monthly report Energy Regulatory Office (ERO)

### January 2005

- **Delay in ESTAP III;** ERO is becoming increasingly concerned about the speed of launching the ESTAP III TA project of the WB. As a beneficiary of 1-2 sub-components (tariffs and TSO) of this TA, ERO addressed the new Ministry of Energy and Mining (on 06.01) to confirm its further role as coordinator of the Steering Committee (SC), nominate the Chairperson, and convene a new meeting, all in light of the forthcoming missions of the WB. The first mission is planned for the 1<sup>st</sup> week of February (to assess the capacity of the ST coordinating agency) and the 2<sup>nd</sup> a few weeks later, after the SC will have approved the PIP, TORs of individual sub-components and split the available budget (2.5m US\$). On 19.01 a similar reminder was also sent to MEM by the EU Pillar.
- **Establishment of ERO Board;** In addition, ERO addressed the Ministry of Energy and Mining with respect to nomination of the remaining 2 Board members by the government (PISG). It is worth stressing that such nomination and appointment has already been delayed for more than 4 months (deadline in the Law, end of August 2004). Not having at least 4 members (3 have been nominated by UNMIK and appointed by SRSG in December 2004) the Board (and ERO as energy regulator) cannot fully function and accomplish its mandate given by the Law.
- **IPA Project;** ERO provided comments on the last (draft) report of WB-supported consultants (IPA of Ireland) on TA entitled “Review of the Policy, Legal, Regulatory and Institutional Framework for Private Sector Participation in the Energy Sector in Kosovo” under ESTAP II. The final (3<sup>rd</sup>) workshop in Pristina is planned for 15.02.
- **ERO – KEK/ESBI;** ERO hold a regular monthly meeting with KEK/ESBI, this time focused on the issues of: energy supply policy and establishment / licensing of power supply companies, compliance of procedures developed by KEK/ESBI with applicable regulations, debt disputes and its management, reconnection fees etc.
- **Power Balance '05;** ERO received the 2<sup>nd</sup> draft of the Power Balance for 2005 from KEK, analysed the issue and requested additional information. After internal consultations ERO issued its consent to KEK to submit the Annual Power Balance 05 to the Ministry of Energy and Mining for approval, subject to some considerations expressed to ERO’s letter of consent.
- **ECSEE Treaty;** was further analyzed by ERO staff in light of the forthcoming next round of talks in mid February in Brussels.
- **TA to ERO;** Two TA-type projects in support of ERO are in progress, notably:
  - a. EU-Pillar supported action in the area of development of secondary legislation (General Conditions for Supply of Energy, Schedule of Fees, key elements of tariff methodologies and completion of Rules on Dispute Settlement) was awarded to Exergia (Greece) consultants. The first “kick-off” mission was carried out in the week of 17-20.1 and included several presentations of the consultants to the ERO staff.

- b. 1m EUR worth EAR-supported project “Technical Assistance for the Capacity Building of ERO” was awarded to the consortium led by KPMG of Bulgaria and is supposed to start at the beginning of February 2005.
- c. With support of Pierce Atwood consultants (USAID), draft rule on Disconnection was finalized and the Rules on Licensing is final stage.
- **ERO – KTA;** Procurement of fuels for the DH companies and power imports for KEK were discussed at a meeting on 18.01. Detailed procedures have to be developed how ERO can control such costs at an early stage than when such costs have to be approved by ERO. ERO has requested Tender Evaluation Reports from KTA.
- **ERO Annual Report '04;** ERO staff was tasked to contribute to the AR'04, of which the table of contents have been adopted by the ERO Board. The deadline for the 1<sup>st</sup> draft in English is 28.2, and the submission date to Assembly – 31.3 (Law).
- **IT system of ERO;** in this month, the ERO Share Drive has been worked out, redesigned, thus becoming able to manage some special (sub)folders. Also, the Share Drive security has been improved considerably.