

## Monthly report Energy Regulatory Office (ERO)

### March 2005

- **Delay in establishment of ERO Board;** The remaining 2 Board members have been proposed by the Government (PISG) to the Assembly of Kosovo. However, at the last session in March the Assembly did not approve the nominations of proposed candidates, and the new/revised proposals were requested from the Government. Unfortunately, this procedure will further delay the appointment of remaining 2 Board Members of ERO.
- 2<sup>nd</sup> (of March) **Kick-off Meeting ERO - Deloitte & Touche (D&T), Incorporation of KEK and District Heating Companies;** Consultants of D&T informed the staff of ERO with the aim and time schedule of implementation of the project. ERO will follow the process and prepare for unbundling of tariffs, including retail tariffs, transmission tariffs, charges for auxiliary services etc. ERO is particularly emphasizing the need for a final decision on the TSO model and structure which can be the end result of this project.
- 7<sup>th</sup>, Interviews and the decision brought on the recruitment of Senior Adviser on Regulatory Economics (International).
- 15<sup>th</sup>, **ETSO Workshop on the Security of Supply in the liberalised Energy Market;** twostaff members of ERO participated as ERO-UNMIK representatives at the ETSO (European Transmission System Operators) Workshop in Brussels. The participants covered different energy stakeholders like TSOs, Regulators, Grid Users, Customers, the European Commission and the European Parliament.
- 16<sup>th</sup>, **KPMG visit;** works were carried out on the preparation of Inception Report and detailed Work Plan for this TA supported by EAR.
- 16 and 17<sup>th</sup>, **ERO - KPMG meeting;** The purpose of meeting was to discuss the updated work-plan, the breakdown of project milestones and deliverables and the allocation of inputs in terms of man-days to individual sub-tasks. The proposals made by the Consultant were essentially accepted by the ERO. However, ERO requested the contractor to further consider the possibility for reallocation of some man-days between some specific sub-tasks in order to better reflect the current situation and progress. Finally, ERO requested KPMG to engage senior experts in main tasks as required in TOR of the project.
- 17<sup>th</sup>, **Visit to ERO offices by DSRSG Joachim Ruecker;** the purpose of visit was to introduce the activities, tasks and responsibilities of ERO, and to introduce the staff of ERO to DSRSG. After visiting each office and conducting short conversation with all staff of ERO, DSRSG and Head of ERO held one-hour meeting discussing the issues of the energy sector in Kosovo.
- 17-18<sup>th</sup>, **Open Seminar in Regional Markets for Renewable Energy;** one staff member of ERO participated in Open Seminar in Regional Markets for Renewable Energy which was organized in Lisbon (Portugal). The Seminar addressing the renewable energy sources focused especially on the issue of the Guarantee of Origin, its, functions, issuance and influence to the market. There were four sessions in the seminar: 1) Iberian Renewable Market Framework, 2) Green certificates and Guarantee of origin, 3) Assessment of support schemes for renewable energy source, development in the

renewable energy market, issuance of Guarantee of origin, and protection of customers in voluntary market, 4) Summary of conclusions of Seminar.

- **18<sup>th</sup>, Visit by Investor of HPP Kozhnjer;** the existing (2) agreements concluded by the (private) Investor and KEK/KTA in 2004, notably, the Lease Agreement and the Power Purchase Agreement (PPA), are subject of review by ERO in accordance to Law on Electricity. The ERO studied the PPA and it is further reviewing the document towards the final approval..
- **18<sup>th</sup>, ERO meeting with management of District Heating (DH) in Gjakova;** The purpose of several meetings was examination of the implementation of the DH tariffs with focus on verification of the actual cost, and regular reporting to ERO of financial and technical parameters relevant to evaluating company performance as well as for real cost evaluation.
- **24<sup>th</sup>, Meeting in Ministry of Trade and Industry (MTI);** ERO staff of Customer Protection Department had a meeting with Consumer Protection Office of MTI. The purpose of the meeting was to coordinate the activities on establishment of Association for Consumer Protection, and to get information from MTI on activities on implementation of Law on Consumer Protection.
- **25<sup>th</sup>, ERO meeting with management of District Heating “Termokos” in Prishtina;** that was continuation of meetings with DH companies with the same purpose as a visit in DH in Gjakova as mentioned above.
- **25<sup>th</sup>, KEK – ERO/ESBI meeting;** that was continuation of regular contact-meetings with KEK/ESBI, this time focused on finalizing the proposal prepared by KEK on the issues of: disconnection procedures, and schedule of Charges and Fines for unauthorised consumption, theft of energy, tampering of meter or other unlawful use of electricity. ERO prepared the decision on approving the policies prepared by KEK.
- **31<sup>st</sup>, ECRB,** the Head of ERO attended the first meeting of the Energy Community Regulator Board that will have executive decision making on regional market issues. The meeting has as purpose to identify the internal rules and procedures of the Board.
- **Other TA to ERO;** Several TA-type projects in support of ERO are in progress, notably:
  - a. EU-Pillar supported action in the area of development of secondary legislation, which was awarded to the Exergia consultants of Greece. ERO staff analyzed the prepared final drafts by Exergia. The proposals and comments are in final review by ERO staff.
  - b. With support of Pierce & Atwood consultants (USAID), a draft Rule on Disconnection and draft Rules on Licensing have been finalized, while the consultants in close cooperation with legal and licensing experts of ERO continue to work on the attachments consisting of various Forms of Licenses.
  - c. With support of Sida consultant, the project is giving the support on District Heating issues to the ERO staff..
- **Other regular activities of ERO;**
  - received and analysed the data received from energy enterprises;
  - received and analysed the customer complaints (two);

- evaluation of the HPP “Kozhnjer” Investment Project;
- prepared the draft TOR for a new TA-support project to ERO supposed to be financed through EAR;
- reviewed and commented reports and other documents received through several ongoing projects in the energy sector of Kosovo;
- continuation of the Annual Report 2004 of ERO;
- announced the positions for new staff of ERO, and processed with evaluation.