



Pristina, 19 September 2017

PRESS ANNOUNCEMENT

Public Hearing on Second Periodic Regulatory Review (PRR 2)

In the public hearing held today, organized by Energy Regulatory Office (ERO), the public was presented with the requirements for Maximum Allowed Revenues (MAR) of Transmission System and Market Operator (KOSTT) and Distribution System Operator (KEDS). This session did not have a decision-making nature, but is part of public discussions that ERO is undertaking related to Second Periodic Regulatory Review (PRR 2) for the period 1 April 2018-31 March 2023.

As explained in his opening remarks by the Acting Chairman of ERO Board Mr. Arsim Janova, the purpose of multi-year reviews is to provide to the operators the opportunity to improve the efficiency of managing their assets. Such practice, as emphasized by Mr. Janova, has proved to be an incentive of the increase of operating efficiency, especially in the reduction of network losses and execution of long-term plans of capital investments.

Mr. Ymer Fejzullahu, Head of Tariffs and Pricing Department at ERO, informed the participants on the progress of the review process, the methodology on which ERO has based the reviews for approving the MAR of energy system operators, the benefits of customers from the first regulatory review as well as expectations from the next review. Mr. Fejzullahu also emphasized the importance of involving all parties in the discussion during this process by enabling them to provide their comments.

The managing directors of both operators, KOSTT and KEDS, Mr. Kadri Kadriu and Mr. George Karagutoff, except for the achievements of their companies, also presented the basic issues that are contained in their MAR requirements, such as forecast of energy demand, energy sales and losses, capital investments as well as operational and maintenance expenses for the next regulatory period PRR 2.

The PRR 2 process was initiated by ERO on 15 May 2017, continuing with the publication of Consultation Papers for the Weighted Average Cost of Capital (WACC), Evaluation of Asset Lives and Reduction of Losses. This session aimed to provide to all interested parties the opportunity to hear the arguments of energy companies related to the content of their requirements for MAR and present their comments and questions related to these requirements.

The current Maximum Allowed Revenues (MAR) were determined in the first Periodic Review in 2013 (PRR 1) and shall remain in force until the next decision of ERO Board, which is expected to be taken by 15 March 2018 at the latest.

All respective documents of this Periodic Regulatory Review shall be published on the website of ERO www.ero-ks.org