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# **Response on ERO Consultation Paper for Asset Life**

**Pristina 18.07.2017**



On 04.07.2017, KEDS received the Consultation Report regarding Asset Life. In principle, KEDS agrees with the ERO's proposal, besides some minor changes that have arisen with the recent technological innovations happening in the energy sector too. The table below presents KEDS proposal for asset categories and their respective life span.

| KEDS Proposal for Second Regulatory Period 2018-20022 |   | Asset Life |
|---|---|------------|
| Asset Categories                                      |   | (years)    |
| I   | Administration facility/building                              | 50         |
| II  | MV Networks, electricity transforms, and equipment            | 30         |
| III   | LV Networks, electricity transforms, and equipment            | 20         |
| IV  | Transformer stations, distribution transformer, and equipment | 15         |
| V   | Tracks, cherry-pickers, and vehicles for work                 | 10         |
| VI  | Meter and measuring equipment                                 | 8          |
| VII   | Furniture, and office equipment                               | 5          |
| VIII  | Working equipment, devices and metering equipment, computers  | 5          |
| IX  | IT equipment and software                                     | 3          |

Regarding the first and second category, KEDS does not have any specific comments and agrees with the proposal of ERO for both the asset category and the respective life expectancy.

In the ERO's consultation report, MV and LV networks and their respective equipment are presented in a single category with a lifetime of thirty years. KEDS proposes another category for the LV network and its related equipment. The LV network, having in mind its current state, is amortized more quickly than the MV network. So KEDS proposes that for LV and its corresponding equipment the life span to be determined for twenty years.

Relating to the fourth category of assets, KEDS agrees with ERO.

With regard to the fifth category of assets, KEDS agrees with ERO's proposal on the life span of ten year for heavy trucks and machinery. KEDS proposes to add a new category for units and measuring devices, respectively the sixth category of assets. The life span of meters and measuring devices must be in line with legal requirements. Calibration of meters and measuring devices is obligatory every eight years. With innovation and technology changes in metering systems it is more pragmatic and efficient in terms of cost reduction and improved metering accuracy.



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Life span for the seventh category is proposed by ERO to be seven years. KEDS feels that the life span as proposed by ERO is a bit high regarding office furniture and equipment. KEDS proposes that the life span of the category of these assets to be determined for five years.

In relation to the eighth category of assets and their life span, KEDS agrees with ERO's proposal for work equipment, reading devices, reading equipment, and computers. However, in relation to IT and software, KEDS proposes that the life span shall be determined for three years. Five year period for IT and software equipment is long and these devices will not have the economic and technical value to respond to the contemporary requirements of power systems.

KEDS proposes that the new categories approved by ERO be applied to existing assets as well as to new assets. KEDS is aware that the re-categorization of existing assets is a major challenge but with the human capacities and IT resources it possess, it is able to overcome this challenge within the deadlines that will be required. This approach also creates the possibility of reviewing and comparing the life span by enabling elasticity and transparency to the regulated asset base.

KEDS hopes that ERO will take into account the KEDS proposals outlined above.