



**Republika e Kosovës**  
**Republika Kosova - Republic of Kosovo**

**ZYRA E RREGULLATORIT PËR ENERGJI**  
**REGULATORNI URED ZA ENERGIJU**  
**ENERGY REGULATORY OFFICE**



**Rule ERO/No.02 /2023**

## **RULE**

# **ON PREPARATION AND EVALUATION OF DEVELOPMENT AND INVESTMENT PLANS OF SYSTEM OPERATORS IN THE ENERGY SECTOR**

**Pristina, 05 July 2023**



The Board of Energy Regulatory Office, in line with Article 9, par. 1, sub-par. 1.7, Article 15, paragraph 7, sub-paragraph 7.6, paragraphs 8,9,10 and 11, Article 25 and Article 26, paragraph 1, sub-paragraph 1.1 of the Law on Energy Regulator (Law No.05/L-084); Article 16, paragraph 1, sub-paragraphs 1.11,1.12,1.13, Article 28, paragraph 1, sub-paragraphs 1.25, 1.26, 1.27, 1.28 of the Law on Electricity (Law No. 05/L-085); and Article 10 of the Law on Energy (Law No.05/L-081), in the session held on 05 July 2023 approved the following:

## **RULE ON PREPARATION AND EVALUATION OF DEVELOPMENT AND INVESTMENT PLANS OF THE SYSTEM OPERATORS IN THE ENERGY SECTOR**

### **CHAPTER I**

#### **General provisions**

##### **Article 1**

#### **Purpose and scope**

1. The purpose of this rule is to define the methodology and list the steps for the preparation and evaluation of development and investment plans of system operators in the energy sector in Kosovo, including the evaluation of capital projects that will be part of development and investment plans, as well as the determination of the methodology for the regulatory evaluation of development and investment plans.
  
2. This rule sets:
  - 2.1 The process of submission by system operators (licensees) of development and investment plans, including capital projects proposed for investment, the costs of which must be covered by regulated tariffs, as part of each Multi-Year Tariff Review, which contains the following:
    - 2.1.1 The preparation process and methodology applied for the preparation of development and investment plans;
    - 2.1.2 Requirements that development and investment plans shall fulfill to be submitted to the Regulator for review and approval;
    - 2.1.3 The data, evidence and justifications that shall be submitted by the above-mentioned system operators to support their development plans, including investment plans;
    - 2.1.4 Principles for performing an economic cost-benefit analysis and technical ones for project justification;



- 2.1.5 Evaluation from the Regulator for the reasonableness of development and investment plans proposed for approval, including short-term and long-term investment plans; and
    - 2.1.6 Monitoring the implementation of ten-year development plans
  3. The development and investment plans submitted for approval must be in line with the Energy Strategy, the National Energy and Climate Plan, the laws of the energy sector, other applicable legislation, as well as be in accordance with the rules, licenses issued by the Regulator, codes and other norms applicable in the energy sector, approved by the Regulator or other competent institutions.
  4. If the Development and Investment Plans are not in accordance with paragraph 3 of this Article, then the Regulator will ask the system operators to make the necessary additions and changes, before the plans are submitted for approval to the Regulator.
  5. The electricity development plans of the TSO and DSO shall be five-year and ten-year plans, whereas the five-year plans shall be in line with ten-year plans.
  6. Investment Plans must be five-year plans for TSO that are sent annually for approval and one-year plans for DSO that are sent annually for approval and must be in harmony with all development plans.
  7. The planned cost for implementation of Development Plans shall be one of the base elements for setting the customer tariffs in the tariff review from the Regulator.

## Article 2

### **Definitions and interpretations**

1. The terms used in this rule have the following meaning:
  - 1.1 **Ten-Year Network Development Plan (hereinafter: TYNDP)** –The ten-year (10) planning of investment needs in transmission or distribution capacities with the aim of meeting the requirements of the energy system and ensuring the supply of customers, which is approved by the Regulator.
  - 1.2 **Five-Year Network Development Plan (hereinafter: FYNDP)** –five-year (5) planning of investment needs in transmission or distribution capacities with the aim of meeting the requirements of the energy system and ensuring the supply of customers, which is approved by the Regulator.



- 1.3 **Five-Year Investment Plan (hereinafter: FYIP)** –It is the responsibility of the TSO for electricity and means the planning, development and publication, within the year, preceding the first year of the Investment Plan, the Five (5) Year Investment Plan, approved in advance by the Regulator harmonized with the ten (10) year and the five (5) year development plan of the transmission network and spatial planning documentation.
- 1.4 **One-Year Investment Plan - (hereinafter: OYIP)** the compilation within the current year of the one (1) year investment plan of DSO for electricity for the next year, which is approved by the Regulator, in accordance with the Ten (10) Year and the Five (5) Year Development Plan of the distribution network and with spatial planning documentation;
- 1.5 **Annual Plan of Losses (hereinafter: APL):** includes the evaluation of technical losses and unauthorized consumption of electricity, is prepared by DSO for electricity within the current year for the following year and is sent for approval to the Regulator;
- 1.6 **System Operators** are:
- 1.6.1 **Electricity Transmission System Operator (hereinafter: TSO)**– natural or legal person responsible for the operation, maintenance and, as necessary, the development of the transmission network in a given area and, whenever possible, the interconnectors with other systems and to guarantee the long-term ability of the network to meet the requirements for the transmission of electricity.
  - 1.6.2 **Electricity Distribution System Operator (hereinafter: DSO)** - natural or legal person, responsible for the operation, maintenance and, as necessary, the development of the distribution system in a given area, as well as where possible its interconnectors with other systems, as well as for ensuring the long-term ability of the system to cover the reasonable demands for the distribution of electricity.
  - 1.6.3 **Natural Gas Transmission System Operator (hereinafter: NGTSO)** –natural or legal person who performs the transmission function and who is responsible for the operation, maintenance and, as necessary, the development of the transmission system in a certain area, including possible interconnections with other systems and for guaranteeing the long-term ability of the system to complete the request for the transmission of natural gas.
  - 1.6.4 **Natural Gas Distribution System Operator (hereinafter: NGDSO)** - natural or legal person who performs the functions of distribution and is responsible for the operation, maintenance and, as necessary, the development of the distribution system, in a certain area, including possible interconnections with other systems and for guaranteeing the long-term ability of the system to meet demand for natural gas distribution.
  - 1.6.5 **Thermal Energy Distribution System Operator (hereinafter: TEDSO)** - the licensed legal or natural person, responsible for the operation, maintenance and development of the thermal energy transportation and distribution system.
- 1.7 **Cost-Benefit Analysis (hereinafter: CBA)** – the process of determining the costs and benefits of a project over a given period and its alternatives within the same period so that there is a reasonable degree of comparison for a fair evaluation.



- 1.8 **The term 'project'**- is also used to refer to large projects individual and multiple programs of small projects to which AKB applies.
- 1.9 **European Network of Transmission System Operators of Electricity or ENTSO-E.**
- 1.10 **European Network of Transmission System Operators of Natural Gas** (hereinafter **ENTSO-G**).
- 1.11 **Regulatory Period** –Determination of the Maximum Allowed Revenues for the regulatory period that are determined during regular 5-year periodic reviews.
- 1.12 **Current Net Value** (Hereinafter: **CNV**).
- 1.13 **Lost Load Value** (hereinafter **LLV**) –Assessment of customers' willingness to pay additional costs to improve supply quality.
- 1.14 **Energy Regulatory Office** (hereinafter: **ERO**) –is an independent agency in the energy sector, established by the Law on Energy Regulator.
- 1.15 **Low Voltage** (hereinafter: **LV**).
- 1.16 **Medium Voltage** (hereinafter: **MV**).
- 1.17 **High Voltage** (hereinafter: **HV**).
- 1.18 **Prosumer** (hereinafter: **Prosumer**)- the customer who consumes energy from the system, but who can also produce energy and feed it into the system.
- 1.19 **Renewable Energy Sources** (hereinafter: **RES**).
- 1.20 **Energy Not-Supplied** (hereinafter: **ENS**) –is the electricity that has not been supplied to customers.
- 1.21 **Average Duration of the Interruptions of Electricity Supply** (hereinafter **ADIES**).
- 1.22 **Network Transmission Capacity** (hereinafter: **NTC**) –is the transmission capacity of the transmission network in MW.
2. Any term that is not used in this rule shall be interpreted in line with Law (No.05/L-084) on the Energy Regulator, Law (No.05/L-081) on Energy, Law (No.05/L-085) on Electricity and other applicable laws in Kosovo.



## CHAPTER II THE PROCESS OF PREPARING THE DEVELOPMENT PLANS

### Article 3

#### **The preparation of Development Plans**

System Operators when preparing Development Plans must take into account:

1. Development policies of the state of Kosovo;
2. The Energy Strategy approved by the Assembly of Kosovo;
3. National Energy and Climate Plan;
4. The need to integrate renewable resources;
5. The need for market opening and regional energy market integrations; and
6. Municipal Development Plans.

### Article 4

#### **The structure and content of Development Plans**

1. Development Plans of System Operators must have a structure and content where are presented:
  - 1.1 The purpose and content of plans;
  - 1.2 Methodology of plan preparation, Planning Standards and Criteria;
  - 1.3 Current characteristics of energy transmission and distribution systems (electricity, thermal energy and natural gas), including weaknesses, challenges and opportunities respectively:
    - 1.3.1 Energy sources (generators) connected in the transmission system network (TSO, NGTSO) or of the distribution system (DSO, NGDSO)
    - 1.3.2 Systems of different voltage levels of electricity for TSO and DSO (LV, MV, and HV); as well as different levels of pressure or temperature for thermal energy and natural gas.
    - 1.3.3 Interconnections;
    - 1.3.4 Substations;
    - 1.3.5 Connections and metering systems; and
    - 1.3.6 Customers, including prosumers.
2. Demand forecasting and generation scenarios, including renewable resources and market integrations;
3. Current system simulations and planned assumptions;
4. The vision and assignment of the leading elements of system developments;
5. System Development Planning, Time Planning, Cost Benefit Analysis;
6. Risk and Sensitivity Analysis;
7. Appendices with technical and financial studies and project development phases.



## Article 5

### **Current situation of the systems**

1. In order to identify the projects necessary to be placed in the Development Plan, System Operators must present the current situation of their systems in a separate chapter.
  - 1.1 The TSO and DSO of electricity must present the condition of the lines and SS by sorting them according to the voltage level, including the following data:
    - 1.1.1. The existing capacity of the establishments;
    - 1.1.2. The load of the existing establishments;
    - 1.1.3. Voltage at the end of the line;
    - 1.1.4. The number and duration of unplanned interruptions for the previous year;
    - 1.1.5. Connection requests in the last three years;
    - 1.1.6. The number of customers;
    - 1.1.7. The number of customer complaints;
    - 1.1.8. Technical losses;
    - 1.1.9. Commercial losses;
    - 1.1.10 Loads of lines, SS,
    - 1.1.11 Oldness of establishments;
    - 1.1.12 Existing data of establishments available to the operator (district, code, substation, exit and meter number).
  - 1.2 The Thermal Energy Distribution Operator (TEDSO) must present the condition of the pipes and SS including the following data:
    - 1.2.1. Existing capacity;
    - 1.2.2. Temperature and pressure in the network, namely in the main segments of the network;
    - 1.2.3. The number and duration of unplanned interruptions for the previous year;
    - 1.2.4. Requirements for connections in the last three years;



- 1.2.5. Number of customers;
  - 1.2.6. Number of customer complaints;
  - 1.2.7. Technical losses
  - 1.2.8. Commercial losses;
  - 1.2.9 Oldness of establishments;
  - 1.2.10 Existing data of establishments available to the operator (district, code, substation, and meter number).
2. For the Transmission System Operator and the natural gas distribution operator (when they are in operation) adequate data will be required according to the specific nature of the services.

#### Article 6

##### **The current situation in the country and the perspective**

1. During the preparation of Development Plans, System Operators should describe the current situation in the country with a focus on:
  - 1.1. Current economic development;
  - 1.2. Energy conditions;
  - 1.3. Environmental conditions and restrictions; and
  - 1.4. Determined targets in the energy sector.
2. Also, the perspective of the evolution of the issues highlighted in paragraph 1 of this Article should be described.

#### Article 7

##### **Demand analysis**

The System Operators will prepare the Development Plans and Investment Plans by analysing the historical and current demand, forecasts for the demand for energy, including the maximum demand (peak), as well as the trends of these parameters in the 5 and 10-year period. In forecasting the energy demand, system operators in particular must analyse: the effect of weather-temperature conditions, as well as the main economic parameters (Gross Domestic Product - GDP).





## Article 8

### **Determination of leading parameters of Development Plans**

1. Based on the analysis and evaluations described in Article 6 and 7 of this rule, as well as the planning for the strategic development of the country, the Development Plans must take into account the following leading parameters:
  - 1.1. Security and quality of energy supply;
  - 1.2. Fulfillment of system reliability, fulfillment of technical criteria;
  - 1.3. To provide the access to the connection of new capacities in the system;
  - 1.4. The development of the infrastructure for the integration of RES in the system, as well as the integration of self-generating customers (prosumers);
  - 1.5. The development of the network on market opening and regional integrations;
  - 1.6. Technical problems in the systems (voltage level, congestions or “bottlenecks” for TSO and DSO or the level of temperature and pressure for NGTSO, TEDSO and NGDSO)

## Article 9

### **Preparation of different scenarios of Development Plans**

1. In the preparation of Development Plans, the different scenarios that are foreseen in the country's strategic development documents, as well as the different development scenarios in the energy sector, must also be taken into account.
2. For each scenario provided in paragraph 1 of this Article, System Operators must prepare:
  - 2.1. The necessary developments of transmission and distribution systems for certain years;
  - 2.2. Initial examinations, system simulations;
  - 2.3. Network studies and analysis;
  - 2.4. Studies and analysis with scenarios of supply, production, imports and exports;
  - 2.5. Infrastructure scenarios related to target generation, Interconnections, reserve limits; and
  - 2.6. Identification of necessary projects according to different scenarios.



## Article 10

### **Preparation of Ten-year Development Plans with regional impact from electricity transmission system operators (TSO) and natural gas (TOSNG)**

During the preparation of the ten (10) year Network Development Plan, the Transmission System Operator (TSO or NGTSO) makes reasonable assumptions for the development of generation, supply, consumption and exchanges with other countries, taking into account the investment plans for regional networks within the Energy Community. For interconnections with neighbouring countries, investments in infrastructure for joint projects should take into account cross-border cost allocation through cost-benefit analysis and project status with neighbouring countries.

## Article 11

### **Legal obligations in preparation of Development Plans of System Operators**

1. The legal obligations for the preparation and submission of ten-year Development Plans by System Operators are defined in Article 10 of the Law on Energy and define:
  - 1.1 The frequency (every year) of the submission of the ten (10) year Development Plans for the development of the system based on the current and projected demand and supply after consultation with all relevant stakeholders. The network development plan contains efficient measures in order to guarantee the adequacy of the system and the security of supply.
  - 1.2 The content of ten (10) year plans for the development of systems with a focus on:
    - 1.2.1 the notification of the main market participants about the infrastructure that needs to be built or improved during the next ten (10) years;
    - 1.2.2 the projects that are being developed and the identification of new projects that will be executed during the next ten (10) years; and
    - 1.2.3 preparation of the time frame for all the projects according to paragraph 1.2.2 of this article.
2. The legal obligations for the preparation and submission of Five-Year Development Plans by System Operators are defined in Article 16, paragraph 1.12 and Article 28, paragraph 1.27 of the Law on Electricity and define:
  - 2.1 compilation within the year preceding the five (5) year period, the five (5) year plan for the development of the transmission network and must be harmonized with the ten (10) year plan for the development of the transmission network, spatial planning documentation and Distribution System Operator;
  - 2.2 the development of the five (5) year plan for the development of the distribution network within the current year for the five (5) year period that must be in harmony with the ten (10) year plan



for the development of the distribution network, with the spatial planning documentation and with the five (5) year development plan of the transmission network.

#### Article 12

##### **The list of projects to be included in Development Plans**

1. In the list of projects that will be included in the Development Plans can be placed the following projects or programs:
  - 1.1. in order to meet the energy demand according to Article 7 of this Rule;
  - 1.2. in order to achieve the management parameters according to Article 8 of this Rule;
  - 1.3. in line with the recommended development scenario according to Article 9 of this Rule;
  - 1.4. in order to fulfill the obligations according to Article 11 of this Rule as well as
  - 1.5 "reasonable" according to AKB.

#### Article 13

##### **Codification of project for Development and Investment Plans**

All projects that will be proposed for implementation in the development and investment plans must have a designated Code that will be used in all phases of planning, project implementation and monitoring.

#### Article 14

##### **Identification of additional projects for Development Plans**

1. The System Operators will identify additional projects that can be placed in the Development Plans and that, as needed, can be in the function of achieving the strategic objectives of the country or the energy sector in the country and region.
2. The additional projects identified according to Paragraph 1 of this Article must meet all the criteria like all other projects included in the Development Plans.



## Article 15

### **Content of the Five-year Investment Plan for TSO and DSO**

1. The Five-Year Investment Plan of TSO and the Five-Year Investment Plan of DSO, of electricity that will be submitted to the Regulator must be in harmony with the Development Plan of the relevant systems.
2. In case there is a difference between the Five-Year Investment Plans of TSO and DSO with the latest Development Plans approved by the Regulator, the System Operators must provide the rationale for these changes or additions.
3. The Five-Year Investment Plan for TSO and the Five-Year Investment Plan for DSO that will be submitted to the Regulator must contain, at least, the following elements:
  - 3.1 An explanation of the Methodology used for the preparation of the Five-Year Investment Plan (TSO) and the Five-Year Investment Plan (DSO) and for the process of identifying and incorporating the requirements of the systems users;
  - 3.2 A summary of the Five-Year Investment Plan (TSO) and the Five-Year Investment Plan (DSO) showing the expected expenditure and commission values of the assets in each year of the regulatory period;
  - 3.3 A set of defined results that will be achieved by the Five Year Investment Plan (TSO) and the Five Year Investment Plan (DSO), against which the licensee's performance will be evaluated;
  - 3.4 A list of all major individual projects to be undertaken under the PPVI (TSO) and PPVI (DSO), accompanied by a summary of the technical description, cost estimates, implementation plan and justification for the need for the project by including the presentation of the alternatives that have been considered;
  - 3.5 A list of the group of small projects to be undertaken within the FYIP (TSO) and FYIP (DSO), accompanied by a summary of the description and technical justification, cost evaluations and implementation plan;
  - 3.6 In case a project or group of small projects exceeds the defined threshold, an economic cost-benefit analysis (CBA) for that project or program must be sent to the Regulator;
  - 3.7 A priority ranking and groups of small projects included in FYIP (TSO) and FYIP (DSO); and



- 3.8 A description of the main risks in achieving the TSO Five-Year Investment Plan, namely the DSO Five-Year Investment Plan and how the system operator attempts/plans to overcome, mitigate or manage them.
4. All large projects and groups of small projects that will be included in the TSO Five-Year Investment Plan, namely the DSO Five-Year Investment Plan, must have a pre-feasibility and feasibility study completed. These studies may be excluded only after a reasonable request has been submitted by the licensee and approved by the Regulator.
  5. For the purposes of paragraph 3.4 of this Article, a "major" transmission system project shall be defined as a project with an estimated capital cost equal to or greater than €300,000 or such other limitation for which the Regulator may from time to time notify the licensees.
  6. For the purposes of paragraph 3.4 of this Article, a "major" project in the distribution system must be defined as a project with an estimated capital cost equal to or greater than €100,000 or any other limitation as the Regulator may from time to time notify the licensee.
  7. The Regulator in cooperation with the System Operators will develop the forms that will be used for the evaluation of capital projects.
  8. For the purposes of paragraph 3.6 of this Article, the threshold for an individual project or program of numerous projects for which a cost-benefit analysis must be done must be over €1 million.
  9. The Regulator may request from the licensee a cost-benefit analysis for projects or groups of small projects under the value of €1 million.



## Article 16

### **Regulatory evaluation and publication of the Five-year Investment Plan for TSO and DSO**

1. Following receipt of the Five-Year Investment Plan (FYIP) for TSO and the Five-Year Investment Plan (FYIP) for DSO, the Regulator will publish its own evaluation report no later than September 30 of the same year, which will identify that:
  - 1.1 Which projects and groups of small projects does the Regulator propose to be included in the allowed revenues that will be covered during the next regulatory period and the level of expenses per year;
  - 1.2 Which projects and groups of projects will not be included in the allowed revenues and which projects will be included with a different capital cost than that presented by the system operators; for each case a reasonable explanation will be given.
2. The evaluation reports will be decisive for the calculation of the allowed revenues that will be covered within the next regulatory period, therefore the Regulator has the right to include or exclude any individual project or program from these allowed revenues or capital cost attached to any individual project or program involved.
3. The Final Investment Plan will be determined as part of the Final Tariff Review decision for the Regulatory Period after the public consultation process and the analysis of the allowed revenues that have been proposed and will be published on the Regulator's website.
4. Following the publication of the Final Investment Plan, the licensees are expected to implement this fully, but in special cases when during the regulatory period it is estimated that individual



projects or programs are no longer necessary or can be replaced with alternatives that provide equivalent or even better results at a lower lifetime cost.

5. The licensees will report on an annual basis to the Regulator about the progress in the implementation of the investment plan, identifying any delays from the plan and explaining the reasons for them.
6. The licensees shall also report on an annual basis the total capital expenditures by individual project or program and in total against those in the final plan of identified investments and explaining any discrepancies between the plan and actual values.
7. During the review of the next regular regulatory period, the Regulator will take into account the performance of the system operators against the plans approved in the previous regulatory period.

#### Article 17

##### **One Year investment plans**

1. In accordance with Article 28, paragraph 1.28 of the Law on Electricity, the Distribution System Operator must prepare and submit for approval to the Regulator the One Year Investment Plan.
2. The One Year Investment Plan must be in harmony with other plans and shall contain:
  - 2.1. Projects that will be completed in the first year of implementation of Development Plans;
  - 2.2. Projects that will start in the first year and continue in subsequent years;
  - 2.3. The timelines for the implementation of the projects that will be completed in the first year, as well as the forecast of the realization in % of the projects that start in the first year but continue in the following years;
  - 2.4. Investment cost for projects planned to be implemented in the first year;
3. The One Year Investment Plan will be submitted to the Regulator as a plan with more detailed data for each project.
4. In the case where there are changes between the allowed and realized capital investments during any relevant year, the Regulator may make adjustments to the depreciation and return costs derived from the capital investments. Adjustments of these costs can be made during the process of regular adjustments or in the next regulatory period.



5. The deadlines for submission, completion, as well as review and approval by the Regulator of the One Year Investment Plan are given as in Article 27 of this Rule.

#### Article 18

##### **Annual plan of Distributing System Operator Losses**

1. In accordance with Article 28, paragraph 1.25 of the Law on Electricity, the Distribution System Operator must prepare and submit for approval to the Regulator the Plan of Annual Losses.
2. The Plan of Annual Losses shall contain:
  - 2.1. The current state of the level of technical and commercial losses, highlighting the critical points of the system that affect the level of losses;
  - 2.2. The planned methodology for reducing losses including activities in each district and voltage level;
  - 2.3. The forecast target of losses in accordance with the allowed annual level of losses determined by the Regulator in the Regular Tariff Review;
  - 2.4. Projects foreseen for the reduction of losses that are part of the development and investment plans;
  - 2.5. The schedule distributed across months for the forecast level of both technical and commercial losses.
  - 2.6. For the first year of the regulatory period, the One Year Investment Plan and the Annual Plan of Losses are included in the periodic review process.

#### **CHAPTER III**

##### **COST-BENEFIT ANALYSIS (CBA) OF THE PROJECTS AND PROGRAMS**

#### Article 19

##### **Purpose and approach to CBA**

1. In this Chapter, the term 'project' is used to refer to large projects as well as individual and multiple programs of small projects to which AKB applies.
2. The purpose of AKB is to show that:





- 2.1 For discretionary projects, defined as those that are not undertaken to fulfill legal obligations, the proposed project has a net positive social benefit and that it offers the greatest net positive social benefit from any alternative considered;
- 2.2 For mandatory projects, defined as those undertaken to fulfill legal obligations, the proposed project has the lowest cost of the alternatives considered.
3. The legal obligations referred to in paragraph 2 of this Article are the legal requirements to meet specific environmental, social, health and safety standards or obligations established within the framework of international agreements to which Kosovo is a signatory party.
4. The projects undertaken to fulfill the obligations for the connection and/or utilization of the defined renewable energy projects in accordance with the legal requirements and the policies of the Government of Kosovo should be considered as mandatory projects for the purposes of subsection 2.2 of this Article.
5. The Regulator is entitled, when reviewing the submitted Five-Year Investment Plan, to determine that the proposed projects for which a AKB has been offered, be reclassified from discretionary to mandatory or vice versa and that the AKB be recalculated accordingly and be submitted again.
6. For discretionary projects, AKB compares the Net Present Value (NPV) of the social benefits of the project without the total cost of the project from the identified alternatives.
7. For mandatory projects, AKB compares the present value of the total cost of the project from the identified alternatives.
8. Appropriate sensitivity analysis should be included, showing at least the impact of changes from baseline projections on:
  - 8.1 Project demand and utilization forecasts;
  - 8.2 The contribution of Renewable Energy Sources;
  - 8.3 The date of commissioning of the project.
9. When any aspect of these guidelines regarding AKB is unclear or incomplete, then system operators should refer to the guidelines issued by ENTSO-E or ENTSG - Guidelines for Cost-Benefit Analysis of Network Development Projects.



## Article 20

### **Evaluation of costs and benefits**

1. Total project costs, as used in CBA, include:
  - 1.1 Required capital investments including interest during construction and other financial costs and excluding taxes;
  - 1.2 An appropriate allowance for physical and price contingencies;
  - 1.3 Forecast operation and maintenance costs over the shorter period of the project or evaluation period including any rehabilitation or capital repair costs;
  - 1.4 Any measurable negative environmental or social impact resulting from the project, evaluated by the willingness of Kosovo residents to pay to avoid such costs.
  
2. Total benefits of the project, as used in CBA, include:
  - 2.1 Any reduction in capital investments or operation and maintenance costs of the transmission and distribution system resulting from the project.
  - 2.2 Any reduction in system losses resulting from the project, valued at the forecast cost of wholesale energy purchase;
  - 2.3 Any reduction in forecast Served Net Energy resulting from the project, evaluated at the approved Load Loss Value (LLV);
  - 2.4 Any reduction in the cost of electricity supplied to electricity customers located within the territory of Kosovo resulting from reduced system restrictions or greater market integration, evaluated with the resulting cost savings;
  - 2.5 Any reduction in the costs of procuring or providing ancillary services;
  - 2.6 Any measurable positive environmental or social benefit, other than reductions in Greenhouse Gas Emissions, resulting from the project, evaluated with the willingness of Kosovo residents to pay for such benefits;
  - 2.7 Any reduction in Greenhouse Gas Emissions resulting from the project, valued at the social cost of carbon as defined below;
  - 2.8 Any other benefits identified by the licensee along with the justification for their inclusion;



2.9 For project alternatives with  $VNT < 0$ , the Regulator will decide on its technical need based on technical criteria. In case of need of the project(s), the project(s) with the lowest negative VNT will be selected as the most suitable.

3. The calculations must be made in real terms using prices for the year in which the Five-Year Investment Plan was submitted (e.g., inflation will not be taken into account).
4. System Operators can carry out the CBA using the European Commission's Guide to CBA <sup>1</sup>.

#### Article 21

##### **Criteria and input values**

1. Each year, the Regulator shall determine the following entry criteria and values no later than 31 December.
  - 1.1 The discount rate used to calculate the VNT;
  - 1.2 Evaluation period;
  - 1.3 Load Loss Value
2. When no value is defined, then the most recently defined values apply.
3. When the Regulator has not previously determined the value, then the following values will be applied:
  - 3.1 Discount rate: The latest published value that will be used for economic evaluation by the Government of Kosovo. When no value has been published, the value applied by ENTSO-E in the Guidelines for the Cost-Benefit of Network Development Projects will be used;
  - 3.2 Evaluation period: from the year in which the Five-Year Investment Plan is submitted to 10 years after the planned commissioning date of the project;
  - 3.3 Value of Reduced Load: Evaluations published for other countries of the Energy Community, with a preference for countries in the South-West Balkan region.

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<sup>1</sup> ([http://ec.europa.eu/regional\\_policy/sources/docgener/studies/pdf/cba\\_guide.pdf](http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/cba_guide.pdf))



## **CHAPTER IV PRIORITIZATION OF PROJECTS**

### Article 22

#### **Selection of priority projects**

1. Following the completion of the list of projects that will be part of the Development Plan or the Investment Plan, the system operators will select the projects that are of priority for implementation as well as the short-term investment plan for these projects.
2. The selection of priority projects for implementation takes into account some of the following factors:
  - 2.1. International obligations that shall be fulfilled (TSO, NGTSO);
  - 2.2. Legal obligations of the system operators;
  - 2.3. Increase of the security of supply and system sustainability;
  - 2.4. Elimination of technical barriers in the system that derive due to the lack of energy or reductions to customers;
  - 2.5. Reduction of losses;
  - 2.6. Fulfillment of the growing demands for connection to the system, especially RES and self-generating customers.
3. The classification of projects shall be based on:
  - 3.1 The technical necessity of the project or program to be implemented according to the factors of paragraph 2 of this Article;
  - 3.2 Net benefit of the project or program as calculated by CBA (when applicable);
  - 3.3 The level of risks related to the implementation of the project or program, with projects and programs with low risks that are assigned a higher priority;
  - 3.4 Other factors that the system operator considers relevant.



#### Article 23

##### **Cost and timeline for implementation of Development and Investment Plans**

1. Following the preparation of the list of projects that will be included in the Development and Investment Plans, the system operators will present the cost and time limit of the implementation of each project in particular and the cost and time limit of the implementation of the Development and Investment Plans in general.
2. The cost of the projects that are planned to be implemented must be transparent, easy to understand and in harmony with market prices.
3. The schedule and cost should include summary tables with all the identified projects, their main phases, dynamics and deadlines for implementation, the manner of financing the projects.
4. The time limits for the implementation of projects from Development and Investment Plans must be real and known to customers and the public.

#### Article 24

##### **Other capital projects that are required for normal operation of System Operators**

1. All capital projects that are required for the normal operation of System Operators must be foreseen in development plans and investment plans.
2. Capital projects must be justified and show how they will contribute to the achievement of the objectives of development plans and investment plans.
3. System operators must present the costs of operational capital projects, as well as the possible benefits from these projects in the efficient operation of the operators.
4. Capital projects for modernization of IT, operational logistics must be in function of system operation security.
5. System operators must evaluate the risks and consequences that may arise in case of non-implementation of capital projects for normal operation of the systems.



**CHAPTER V**  
**THE PROCESS OF SUBMISSION AND EVALUATION OF DEVELOPMENT PLANS**

Article 25

**Submission, Review and Approval of Development Plans**

1. The submission of Development Plans is defined in Article 11 of this Rule.
2. The System Operator submits the Development Plan to the Regulator no later than 15 July of the current year.
3. Until 5 September, the Regulator will request additional information or data regarding the plan presented by the System Operator.
4. Until 31 October, the Operator will submit the completed plan according to the Regulator's requirements.
5. Until 1 November, the Regulator may request any additional data for the DP.
6. Until 15 November, the System Operator submits the additional data requested by the Regulator.
7. Until 31 December, the Regulator must approve the Development Plans.
8. This cycle is repeated for the next updated Development Plans, with the exception of the deadlines defined in Article 26 of this rule.
9. At the time when the year of sending the Development Plans coincides with the Regulatory Period, the process and schedule of the Development Plans must be the same as that of the Regulatory Period.

Article 26

**Submission of Investment Plans for the regulatory period**

1. The Transmission System Operator and the Distribution System Operator must send investment plans for each regulatory period to ERO for approval. The indicative schedule described in the following paragraphs of this article applies to the regulatory period.
2. During the periodic review for the regulatory period, the Transmission Investment Plan and the Distribution Investment Plan must be in harmony with this schedule.



3. The system operators submit to the Regulator a Preliminary Investment Plan no later than 15 March of the year preceding the Periodic Review. The content of the Investment Plan is specified in Article 15 of this rule.
4. Until 5 May of the same year, the Regulator will identify the information or additional data necessary to complete the review of the plans.
5. Until 1 June of the same year, System Operators will submit to the Regulator the investment plans taking into account the information or additional data requested by the Regulator after the preliminary review.
6. Until 15 August of the same year, the Regulator will identify any additional information or data required for the completion of the review of the investment plans submitted by the operators. System Operators must submit any such additional identified information or data by 31 August of the same year.
7. The Regulator may require the licensees to present investment plans in a public hearing as part of the evaluation process.
8. The investment plans shall be in harmony with the ten-year development plans of network operators.
9. A summary of the Investment Plan of TSO and DSO will be published on the official website of the Regulator. Confidential information may be redacted in the published summary.

#### Article 27

##### **Submission of DSO One-year Investment Plans (OYIP)**

1. The schedule for the submission of One-Year Investment Plans by the DSO, as well as the review and regulatory approval of these plans is the same as the schedule for the submission, review and regulatory approval of the Five-Year Development Plans of the DSO.
2. The projects included in the One-Year Investment Plans must also be presented in the Five-Year Development Plans of DSO.

#### Article 28

##### **Controlling list for regulatory evaluation**

1. Following the submission of the development and investment plans, the Regulator will evaluate the methodology and models used by the system operators in the preparation of these plans. The Regulator's focus should be on the following areas:
  - 1.1. Description of standards used for planning;



- 1.2. Analysis of planned scenarios;
- 1.3. Results of technical studies;
- 1.4. Proper description of leading (promotor) parameters used in the preparation of plans;
- 1.5. Forecasts of the main uncertainty parameters for certain years;
- 1.6. Results of CBA for big projects;
- 1.7. Preferred scenarios of system operators;
- 1.8. Identification of critical parameters and transient values as a result of sensitivity analysis, risk analysis as appropriate prevention- or mitigation measures.

#### Article 29

##### **Regulatory evaluation based on demand forecast**

1. During the evaluation of the Development and Investment Plans, the Regulator must evaluate how the supposed planning for energy demand was carried out, with a focus on the following areas:
  - 1.1. Forecasts of energy demand for the given period, with scenarios that take into account factors affecting energy demand (GDP, economic sector characteristics related to energy demand).
  - 1.2. Forecasts for maximum (peak) loads for the given period, taking into account temperatures and demand side management.
  - 1.3. Supply forecasts, taking into account generation adequacy, flexibility, import dependence and economic stability.
  - 1.4. Regional and global developments in terms of energy demand.

#### Article 30

##### **Categorization and review of projects**

1. For a better evaluation of the projects that are part of the development and investment plans, it is preferable to categorize them. Each category of projects will have different evaluation criteria with different weights for evaluation.
2. The projects of system operators should preferably be categorized in these special categories, taking into account their objectives:
  - 2.1. Sustainability: security of supply, reliability and security of operation;





- 2.2. Efficient expansion: Fulfilling the growing energy demand with minimal network losses;
- 2.3. The functioning of the electricity and natural gas market: elimination of internal barriers (bottlenecks) or integration in regional market;
- 2.4. Provisions of access: Fulfillment of generation and demand needs.
- 2.5. Strategically planned: Fulfillment of national goals.

#### Article 31

##### **Projects in the category of sustainability – evaluation criteria**

1. The implementation of projects in the sustainability category will result in increasing the rates of reliability and security of supply and will contribute to the reduction of Energy Not Supplied (ENS) and to the reduction of the duration of power supply interruptions (AIT).
2. The criteria for evaluating projects of this category will be:
  - 2.1. Reduction of EEP on an annual basis, and
  - 2.2. Reduction of KMNFEЕ, also on an annual basis.

#### Article 32

##### **Projects in the category of efficient expansion- evaluation criteria**

1. The implementation of projects in the category of efficient expansion will result in increasing the ability of the systems to meet the growing demand, as well as the integration of RES in the system. It will also contribute to reducing system losses.
2. The criteria for evaluation of projects of this category will be: reduction of losses, options for investment in rehabilitation or replacement of assets.

#### Article 33

##### **Projects in the category of energy market functionalization – evaluation criteria**

1. The implementation of projects in the category of functionalization of the energy market will result in an increase in the system's ability to reduce congestion, an increase in the capacity of the energy transmission network (TRC), an increase in the number of interval meters installed to customers, as well as increasing opportunities for energy trading.
2. The criteria for evaluation of projects of this category is the capacity of the power transmission network (TRC) in MW transmission and distribution capacity and the number of customers who have the technical opportunities to participate in the market.



#### Article 34

##### **Projects in the category of providing system access – evaluation criteria**

1. The implementation of projects from this category will result in the increase of capacities to respond to the growing demand for connection to the system of generators, generators from RES, self-generating customers and customers with a large energy demand.
2. The criteria for evaluating projects of this category is: Increase of network capacity in MW.

#### Article 35

##### **Projects in the category of strategic planning – evaluation criteria**

1. Other projects, the implementation of which is favoured by the national Energy Strategy, i.e. planned strategy, system control and data acquisition (SCADA), system supervision software, optical ground installations (OPGW), cyber security, however, the capital expenditure to build these projects should not be excessive and corresponding promotion or gradual implementation of these projects may be required.
2. For the evaluation of these projects, the analysis with many criteria will be applied, including the increase of security of the systems, the cost of implementation, the readiness of the systems for regional and European integrations.

#### Article 36

##### **General criteria that each project selected for Development Plans shall fulfill**

1. The projects selected as part of development plans and related to new constructions/installations shall be provided with all the permits required by local legislation.
2. Obtaining permits, especially for large projects, can take a long time, and system operators must be prepared for this.
3. Each major project must have the following implementation phases:
  - 3.1. Pre-feasibility and feasibility study, including technical and socio-economic;
  - 3.2. Environmental and spatial study;
  - 3.3. Presentation of alternative options;
  - 3.4. Public consultations;
  - 3.5. Preparation of documentation for permits, contracts and other documents;



- 3.6. Negotiating and securing access to owners' lands (if necessary);
  - 3.7. Detailed technical project;
  - 3.8. Tendering;
  - 3.9. Preparatory works for construction;
  - 3.10. Construction; and
  - 3.11. Commissioning
4. The projects selected as part of the development plans must be harmonized with the projects of other operators and other relevant institutions of the sector such as ministries, municipalities and agencies.

#### Article 37

##### **Pre-feasibility analysis and technical description**

1. The development plans must have an analysis that was conducted in the pre-feasibility phase that justifies the implementation of the projects, followed by the technical justifications as follows:
  - 1.1. The environmental impact and sustainability of projects;
  - 1.2. Purpose and category of projects;
  - 1.3. Identification of quantitative benefits;
  - 1.4. Technical description, including demand forecast and job description as well as their expected impact.

#### Article 38

##### **Cost projects**

1. The analysis of the projects costs in particular and analysis of the Development Plans costs in general is carried out by the Regulator.
2. The costs presented by the system operators must be reasonable, comparable and in accordance with the market prices.
3. For the evaluation of capital projects, the adaptation of a list of unit prices for different categories of infrastructure to be built, installed or replaced would be preferable, according to the forms compiled by ERO.



4. Unit prices may be derived based on:
  - 4.1. Historical data on infrastructure prices of completed projects;
  - 4.2. Current market prices;
  - 4.3. Comparisons (Benchmarks) made in the country;
  - 4.4. Regional and international comparisons; and
  - 4.5. Land and labour prices that may be different for different locations.
5. Price comparisons (benchmarks) for different materials can be developed from current (post-implementation) data for at least some of the important infrastructure elements:
  - 5.1. Replacement of network equipment or reinforcement of substations (for capacity)
  - 5.2. Changing transformers to increase their capacity (for size)
  - 5.3. Construction of new transmission or distribution lines, substations (for size, length and capacity).

#### Article 39

#### **The list of regulatory evaluation of the technical side and costs of Development and Investment Plans**

1. The Regulator must evaluate the technical and financial information presented by the system operators in the development plans and the important areas for the systematic evaluation are:
  - 1.1. Evidence of environmental impacts and sustainability of projects, as required by applicable laws and regulations;
  - 1.2. Balanced distribution of projects according to 5 categories identified in line with Article 30 of this rule;
  - 1.3. Evaluations for ENS and AIT for projects in the sustainability category;
  - 1.4. Evaluations of capacity increase for each project aimed at providing access to the system;
  - 1.5. Presentation of requirements and priorities for strategic projects;
  - 1.6. The status of all legal, regulatory obligations and permits required for the implementation of projects;
  - 1.7. Adequate technical description and reasonability of projects;



- 1.8. Reasonable costs for replacement of overhead or underground lines and reinforcements;
- 1.9. Reasonable costs for replacing pipes;
- 1.10. Reasonable costs for network reinforcement equipment (electricity, thermal energy and natural gas);
- 1.11. Reasonable costs for replacing transformers;
- 1.12. Reasonable costs for replacing thermal energy and natural gas substations (exchangers);
- 1.13. Reasonable costs for the construction of new transmission and distribution lines and substations;
- 1.14. Reasonable costs for replacement/installation of measuring equipment.

#### Article 40

##### **Evaluations of costs per unit**

1. Cost evaluations used by system operators must be reasonable and consistent with available unit cost standards (benchmarks).
2. Referring to preliminary values of unit costs for completed projects, current market values, as well as in accordance with paragraph 1 of this article, system operators must submit unit costs for different categories of equipment according to the forms compiled by ERO.

#### Article 41

##### **Evaluation of risks for projects**

1. The risk evaluation shall be conducted for all projects for which CBA is done.
2. The Regulator reserves the right to ask the system operators for certain projects with special characteristics to carry out a risk evaluation, even though for those projects an CBA is not carried out due to their size.
3. The risk evaluation will enable the system operators to compare projects that have the same objectives and are competitors, as well as to prioritize them.
4. The risk evaluation will indicate the steps that must be taken in order to avoid the risks and will identify the measures that must be taken to mitigate the consequences of the risks.
5. One of the risk evaluation methods that system operators can use is the European Commission's Guide as it is in Article 20, paragraph 4 of this Rule.



6. The risk evaluation shall contain the following elements:
  - 6.1. Sensitivity (quantitative) analysis aims to evaluate the sensitivity and sustainability of a project to possible changes in the input variables of CBA, both positive and negative.
  - 6.2. Risk analysis (qualitative) aims to evaluate the broadest risks to which a project is exposed, as well as any actions to eliminate/mitigate them and their impact. The risk analysis is qualitative and aims to identify and evaluate the risks associated with a project including, but not limited to the factors analysed as part of the sensitivity analysis;
  - 6.3. Risk mitigation and prevention measures represent actions that must be taken to reduce or eliminate the consequences of risks.
  - 6.4. Probabilistic risk analysis is required when residual risk exposure is still significant, in order to have complete information about a project's risk profile.

#### Article 42

##### **Regulatory evaluation of risk assessment from system operators**

1. The Regulator will evaluate the methodology used by the system operators for the projects for which the risk evaluation is required. The regulatory evaluation checklist should specify that:
  - 1.1. Variables are tested to be deterministically independent (e.g. not characterized by a precise relationship) and are separated as much as possible;
  - 1.2. All project independent variables have been analysed and critical variables and shift values have been clearly identified;
  - 1.3. The used criterion is suitable for identifying critical variables;
  - 1.4. The list of risks listed is sufficient, including risks that are beyond the control of the project promoter or other interested parties (e.g. changes in legislation);
  - 1.5. The causes and impacts/effects of the risk have been adequately identified and discussed in sufficient detail with all parties;
  - 1.6. Preventive/mitigation measures have been identified for all risks and that the identified measures are appropriate in terms of effectiveness and time and that their intensity is proportional to the risk level;
  - 1.7. A probabilistic risk analysis has been carried out, in cases where after the identification of all possible preventive/mitigating measures, a significant remaining risk remains;
  - 1.8. Determines any regulatory measures to mitigate the risk that the Regulator may undertake;



**CHAPTER VI**  
**DETERMINATION OF RESULTS – PERFORMANCE REPORTING**

Article 43

**Determination of results**

1. As part of the submitted development plans, including the foreseen investment plans, the system operators (licensees) will submit a series of proposed results for monitoring the achievement of the expected benefits from the investment plan.
2. These results must be quantified and verifiable from the data published or from data collected by the licensee.
3. The results must include measures of reliability, security and quality of the licensee's system as well as such results as may be considered appropriate. At a minimum, the results should include:
  - 3.1 The frequency and duration of defects in the system;
  - 3.2 Energy that has not been served as a result of the licensee's lack of infrastructure;
  - 3.3 The level of energy losses in the system;
  - 3.4 The state of system assets.
4. For each result, the licensee must define in the submitted Five-Year Investment Plan:
  - 4.1 A baseline value, representing current performance;
  - 4.2 The target value at the end of the next regulatory period if the submitted Five-Year Investment Plan is implemented;
  - 4.3 The forecast value at the end of the next regulatory period if the submitted Five-Year Investment Plan is not implemented;
  - 4.4. An explanation of how these intended goals and values were derived;
  - 4.5 A description of how performance can be measured and verified for each outcome.



5. Based on the evaluation of the results presented by the system operator, the development policies of the sector, legal and regulatory requirements, the Regulator may request the system operator to:
  - 5.1 Change the proposed projects with other projects, respectively offer more favourable options;
  - 5.2 Add projects;
  - 5.3 Carry out software simulations to evaluate the reasonability of projects.
6. If some of the projects proposed by the system operator are not in accordance with the development policies of the sector, the legal and regulatory requirements and the expected results, then the Regulator is entitled to reject them.

#### Article 44

#### **Performance reporting**

1. Before the end of each regulatory period, the licensee must report on the actual performance against each result in relation to the one projected in the development or investment plans.
2. The Regulator will take into account the differences between the current performance and the forecast performance in delivering the results in:
  - 2.1 Evaluation of reasonability, justification and risks related to the proposed projects and programs included in the Investment Plan submitted in the next period;
  - 2.2 Determining whether any cost recovery or other change in allowed revenues will be applied within the next period due to any failure to complete the approved investment program for the current period.
3. The system operators must report on an annual basis on the performance of the implementation of the projects of the development and investment plans and present:
  - 3.1 The list of planned projects;
  - 3.2 The list of realized projects;
  - 3.3 The progress in % of the started projects that have a duration in the following years as well;
  - 3.4 The list of unrealized projects, with the reasons for not commencing or not realizing them;
  - 3.5 Cost of planned and realized projects;
  - 3.6 The achieved results of each realized project.





4. In the implementation of development plan projects, namely investment plans, system operators must present and report on an annual basis about the sources of finance for the realization of these projects (own resources, grants or loans).

## **CHAPTER VII**

### **AMENDMENT/SUPPLEMENT OF APPROVED PROJECTS IN DEVELOPMENT AND INVESTMENT PLANS**

#### Article 45

##### **Non-implementation of approved projects**

1. If the system operators do not implement the projects of the development or investment plans, approved by the Regulator, then they must provide the reasons for their non-implementation, which may be:
  - 1.1. Change of policies and development strategy of the state;
  - 1.2. Lack of finances for project implementation;
  - 1.3. Evaluation that the implementation of the project is of high risk;
  - 1.4. Change in circumstances affecting CBA;
  - 1.5. Force majeure;
  - 1.6. Any other reason that the operators must provide.

#### Article 46

##### **Notice to the Regulator on non-implementation of approved projects**

1. For non-implementation of the project/s approved in the development and investment plans, system operators must notify the Regulator on the reasons for non-implementation.
2. The notice on the non-implementation of the project/s must be made no later than 3 months before the date when the start of the project implementation is planned.
3. In the notice of non-implementation of the project, the forecast cost of implementation must also be presented, as well as the impact of the non-implementation of the project on the achievement of certain results in the development and investment plans.
4. The System Operator must present the measures that will be taken to reduce the consequences of the non-implementation of the project.



#### Article 47

### **Implementation of projects which are not in development and investment plans and are not approved by the Regulator**

1. The System Operator cannot implement projects that are not foreseen in the development and investment plans, which are approved by the Regulator.
2. If the System Operator replaces a capital project in the approved investment plan with an alternative project before obtaining the Regulator's approval, the Regulator will consider whether or not to approve the replacement in the subsequent periodic review but is not obliged to do so.
3. If there are reasons for the implementation of any project that is not in the development and investment plans, then the System Operator must notify the Regulator in advance.
4. The request for approval of the project which is not included in the development and investment plans, shall be submitted to the Regulator by the System Operator at least three months prior to the commencement of the project implementation.
5. The Regulator will examine the request of the system operator and decide on the approval or rejection of the presented project/s, no later than 45 days from the date of submission of the request by the system operator.
6. The Regulator may request from the system operator additional data and information regarding the proposed project/s. The deadline of 45 days for the decision by the Regulator regarding the project/s, will be derived from the date of completion of the documentation by the system operator.
7. The proposed new projects must be in accordance with the objectives and results defined for the development and investment plans.



## **CHAPTER VIII OBLIGATIONS OF THE REGULATOR**

### Article 48

#### **Consultations with stakeholders**

1. Consultations with stakeholders are determined in Article 10, paragraphs 4 and 5 of the Law on Energy and Article 27 of the Law on Energy Regulator which determines the duties of the Regulator in relation to the interest of the parties and consultations.

### Article 49

#### **Monitoring and evaluation of the implementation of plans**

1. The monitoring and implementation of projects by System Operators is defined in Article 10 paragraphs 6,7,8,9,10 and 11 of the Law on Energy, as follows:
  - 1.1 The Regulator monitors and evaluates the implementation of development and investment plans of the network.
  - 1.2 In cases where the Transmission System Operator, for reasons other than those beyond its control, does not execute an investment, which, according to the ten (10) year network development plan, should have been executed in the three (3) following years, the Regulator is obliged to take at least one of the following measures to ensure that the investment in question is made if that investment is still relevant based on the subsequent ten (10) year network development plan:
    - 1.2.1 request that the Transmission System Operator execute the said investments;
    - 1.2.2 to organize an open tendering procedure for any investor for investments in question;  
or
    - 1.2.3 to oblige the Transmission System Operator to accept a capital increase to finance the necessary investment and to allow independent investors to participate in the capital.
2. In cases where the Regulator has used its powers according to paragraph 1.2 of this article, it may oblige the transmission system operator to agree to one or more of these investments as follows:
  - 2.1 financing from the third party;
  - 2.2 construction from the third party;



- 2.3 the self-construction of the new assets in question;
- 2.4 self-operation of the new assets in question.
3. The Transmission System Operator provides the investors with all the necessary information for the realization of the investment, connects the new assets with the transmission network to facilitate the implementation of the investment project. The relevant financial arrangements are subject to the approval of the Regulator.
4. In cases where the Regulator has used its powers according to subsection 2.1 of this Article, the relevant tariff adjustments cover the cost of said investments.
5. The development plans prepared by energy operators must be in accordance with the Strategy and the Strategy's implementation program and must be published on the website of the Regulator.
6. The operators may be required to report the monitoring of the implementation of investment plans on an annual basis with analysis details showing project progress, project impacts, possible justifications for delays, planned and implemented costs.
7. The operators will report following the finalization of completed and commissioned projects. The reporting includes a list with the data of the realized projects which have a direct or indirect impact on the community, of the pre and post commissioning state with the data required according to Article 5 of this Rule.

#### Article 50

### **Compliance and Publication of Development Plans**

Development plans prepared by energy operators shall be in compliance with the Energy Strategy and the Strategy implementation program and shall be published on the official website of the Regulator

#### Article 51

### **Additional information**

During all phases, the Regulator may request from the operators to provide additional data, simulations, access to applications, preparation of more efficient scenarios and analysis.

#### CHAPTER IX

### **FINAL AND TRANSITIONAL PROVISIONS**

#### Article 52

### **Official language**



This rule is published in official languages of the Republic of Kosovo.

#### Article 53

##### **Amendment/supplement**

1. ERO is entitled to amend or supplement any provision of this rule.
2. The procedures for amendment and supplement of this rule shall be the same as for its approval.

#### Article 54

##### **Interpretation**

In case there are uncertainties in relation to the provisions of this rule, ERO Board shall issue explanatory interpretations.

#### Article 55

##### **Repeal**

The entry into force of this rule repeals the Rule no.13/2017 on Evaluation of Capital Projects in the Transmission and Distribution Network in the electricity sector, approved by the Board of Energy Regulatory Office, on 10 May 2017.

#### Article 56

##### **Entry into force**

1. This rule enters into force on the date of approval by ERO Board.
2. The rule is published on the Official Gazette of the Republic of Kosovo.

ERO Board:

\_\_\_\_\_  
Ymer Fejzullahu, Chairman

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Lutfije Dervishi, Member

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Gani Buçaj, Member