Pristina, 16 February 2022
ERO Code: V_1497_2022

The Board of Energy Regulatory Office,

Based on:

- Provisions of Article 9, paragraph 1, sub-paragraph 1.7, Article 15, Article 25, Article 26, paragraph 1, sub-paragraph 1.2, Article 47 and Article 48 of the Law on Energy Regulator No. 05/L-084;
- Provisions of Article 19 of the Law on Energy No. 05/L-081;
- Provisions of Articles 18 and 19 of the Law on Thermal Energy No. 05/L-052;
- Thermal Energy Pricing Rule; and
- Application/request of the Public Enterprise District Heating (DH) Gjakova JSC for review of Maximum Allowed Revenues and Tariffs of Thermal Energy (Heating), submitted on 20 December 2021,

in the session held on 16 February 2022 issued the following:

D E C I S I O N

I. **APPROVAL** of thermal energy tariffs for final customers of the District Heating (DH) Gjakova JSC for the heating season 2021/2022.

II. The structure of thermal energy tariffs for DH Gjakova JSC, for the heating season 2021/2022 is provided in table 1 below:

Table 1: The structure of thermal energy tariffs for DH Gjakova JSC– season 2021/2022:

THERMAL ENERGY TARIFFS OF DH GJAKOVA - Season 2021/2022			
A: THERMAL ENERGY TARIFFS - METERED			
Tariff components	Unit	Value	
Monthly tariff for thermal capacity (fixed comp.)	**[€/kW/month]**	**0,85**	
Thermal energy supply/consumption tariff (variable comp.)	**[€/MWh]**	**54,65**	
B: THERMAL ENERGY TARIFFS - UNMETERED			
Tariff components	Unit	Household customers	Com&Inst. Customers
Monthly tariff for thermal capacity (fixed comp.)	**[€/m^2 per month]**	**0,08**	**0,11**
Thermal energy supply/consumption tariff (variable comp.)	**[€/m^2 per month]**	**0,82**	**1,18**
Total tariff for customers - unmetered	**[€/m^2 per month]**	**0,90**	**1,29**

III. Taking into account the current situation regarding the metering of supply/consumption of thermal energy, **the tariffs determined in the enacting clause under point II. of this decision are implemented for billing** in the following cases:

- For facilities, whose substations are equipped with functional thermal energy meters, and which are owned or used by a customer, metered tariffs are applied for billing - Table 1 A.
- For collective housing facilities that are owned or used by some customers, whose substations are equipped with functional thermal energy meters and internal district heating installations in the building enable the metering of consumption at the apartment level, metered tariffs are applied for billing - Table 1A.
- For facilities, whose substations are not equipped with functional thermal energy meters, and for facilities described under point (2) in which the internal district heating installations do not enable the metering of consumption at the apartment level, "normative" tariffs are applied for billing, according to the heating area of the customer, - Table 1B.

IV. DH Gjakova JSC shall publish the structure of thermal energy tariffs as determined in Table "1" of this Decision, within five (5) working days following the announcement and publication of this decision in the electronic website of ERO.

V. Energy Regulatory Office (ERO) is entitled to audit the accounting registers and invoices of DH Gjakova JSC to verify the realization of data presented from DH Gjakova JSC.

VI. This decision will be implemented from the company DH Gjakova JSC, starting from 1 February 2022 until the next tariff review.

R E A S O N I N G

- Energy Regulatory Office (ERO), on 30 December 2021, received from DH Gjakova JSC the application/request for review and approval of Maximum Allowed Revenues and tariffs of thermal energy.
- ERO analysed the tariff application by evaluating each category of costs and billing determinants, presented in the application – concretely: assets and new investments; operational costs; data on the heating area and relevant data on energy such as: thermal energy production, distribution system losses and customer supply.
- As a result of comprehensive analysis and tariff application, ERO compiled the report: "Evaluation of Tariff Application and Tariff Proposal for DH Gjakova JSC for the season 2021/2022", where it was concluded that:
  - The tariff application of DH Gjakova is uncompleted and does not contain all the components as specified in the Thermal Energy Pricing Rule and Request of ERO on the data and information for tariff review.;
    - The accompanying details and explanations for the main cost positions are missing or incomplete and the supporting documents specified in the request of ERO have not been submitted;
    - The data and information presented within the tariff application are quite inaccurate and inconsistent, in the sense that there is a significant discrepancy between the data for the same position, presented in different statements or tables, which has made it impossible to a large extent to confirm the accuracy and veracity of the presented data and information;
- According to the above-mentioned findings it was evaluated that:

- The tariff application of DH Gjakova is incomplete/deficient, with incorrect presentation of data and with many inaccuracies, so as such it prevents the correct and proper determination of allowed revenues and consequently thermal energy tariffs.

- Taking into account that the revenues, namely the tariffs have a direct impact on the customer, but also on the financial and operational sustainability of the enterprise, this tariff application, as such, did not fulfil the basic criteria to be taken as a basis for determination of revenues and tariffs of DH Gjakova.

- Based on Article 4 and Annex 5 of the Thermal Energy Pricing Rule, ERO has determined the tariff levels referring to the comparison of prices of heavy fuel oil and biomass, respective energy content (calorific values) of these fuels, as well as considering the capital costs related to the investment in the new heating plant.

- The document "Evaluation of Tariff Application and Tariff Proposal of DH Gjakova JSC for the season 2021/2022" was published for public consultation. Only one comment was received, from DH Gjakova, containing only the justification for the non-detailed and incorrect presentation of assets.

- ERO Board, following the review and analysis of relevant documents and the review of the comment received during public consultation, as well as based on legal provisions mentioned in the introductory section of this decision, decided as in the enacting clause to this decision.

VII. The decision is issued and published in the official languages of the Republic of Kosovo.

VIII. The decision shall enter into force on the date of approval by ERO Board and the same will be published on the official website of ERO.

Legal advice: The party dissatisfied with this decision may initiate an administrative dispute at the competent court within thirty (30) days from the date of receipt of this decision or the date or its publication on ERO's website, whichever occurs last.

ERO Board:

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Ymer Fejzullahu, Chairman

This decision is sent to:
- The party,
- ERO Archive

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Selman Hoti, Member

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Izet Rushiti, Member

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Lutfije Dervishi, Member

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Gani Buçaj, Member

Attached to this decision, the Report: "Evaluation of Tariff Application and Tariff Proposal for DH Gjakova JSC, for the season 2021/2022"