



Pristina, 23 March 2023
ERO Code: V_1684_2023

The Board of Energy Regulatory Office,

based on:

- Provisions of Article 15, paragraph 1, sub-paragraph 1.5, paragraphs 3 and 4, Article 25, Article 26, paragraph 1, sub-paragraph 1.2 and Article 51 of the Law on Energy Regulator (Law no.05/L-084);
- Provisions of Article 3, paragraph 1, sub-paragraphs 51 and 72, Article 5, Article 33, paragraph 4, sub-paragraph 4.1, Article 37, Article 38 and Article 62, paragraph 7 of the Law on Electricity (Law no. 05/L-085);
- Rule no. 15/2017 on Determination of Revenues of the Universal Service Supplier (USS);
- Provisions of Article 17 of the electricity supply license, issued to the company “KOSOVO ELECTRICITY SUPPLY COMPANY” (KESCo) J.S.C, with license number ZRRE/Tr_2014/Li_07/17, dated on 27.04.2017;
- Evaluation of electricity market concentration through HHI (herfindahl–hirschman index) for 2023;

in the session held on 23 March 2023 issued the following:

DECISION
ON IMPOSITION OF PUBLIC SERVICE OBLIGATION

- I. Imposition of the Public Service Obligation to the electricity supply licensee “KOSOVO ELECTRICITY SUPPLY COMPANY” J.S.C (hereinafter “KESCo”) for supply of final customers entitled to universal service.**
- II. The right to universal service is entitled to:**
 - a. all household customers;
 - b. Non-household customers with annual turnover less than ten million euros (10,000,000 €) and less than fifty (50) employees;
- III. Regardless of point II of the enacting clause of this Decision, all final customers are entitled to be supplied with electricity in the competitive market.**
- IV. The Regulator will regulate the electricity prices of the customers entitled to supply within universal service, which cover the reasonable costs of electricity supply.**
- V. The level of electricity supply costs and prices will be reviewed in annual basis, in line with the Rule on Determination of Revenues for the Universal Service Supplier.**



- VI.** The supplier charged with Public Service Obligation, according to this Decision is obliged to:
- a. supply electricity as public service according to the criteria set through this decision, the license as well as other applicable legislation.
 - b. inform customers (purchasers) on their rights and supply criteria within the universal service;
 - c. supply electricity of a certain quality, according to Service and Supply Quality Standards;
 - d. bill the electricity delivered in line with prices set by the Regulator;
 - e. publish the tariffs on its website, at least fifteen (15) days prior to starting the application of them.
- VII.** This decision will be an integral part of the Electricity Supply License, issued to “KESCO”;
- VIII.** The obligation imposed to KESCO, according to this decision, is set for a period of one (1) year and is implemented from **01.04.2023** until **31.03.2024**.

REASONING

- Due to the lack of effective competition and with the purpose of providing sustainable electricity supply and protection of customers, the Regulator, on 27 April 2017 (Decision V_916_2017) imposed to KESCO, for a three (3) year period, from 01.04.2017 until 31.03.2020, the Public Service Obligation for provision of electricity supply as a Universal Service.
- Through the Decision V_1268_2020, dated on 03 July 2020, due to the reasons related to COVID-19 Pandemic, the Public Service Obligation was extended to KESCO for one (1) additional year, covering the period from 01.04.2020 until 31.03.2021. The Energy Community Secretariat was also notified of this decision.
- Due to the lack of the absence of the quorum of ERO Board to handle this issue, ERO, through official communication (e-mail dated on 31 March 2021) notified KEDS that the obligation remains until the completion of ERO Board.
- Through the Decision no. 1419_2021, issued at the Board session on 07.10.2021, the Public Service Obligation as a Universal Service Supplier was extended to KESCO until 31.03. 2022.
- Through the Decision no. V_1501_2022, issued at the Board session dated on 31.03.2022, KESCO's Public Service Obligation as a Universal Service Supplier was extended for one (1) year, starting from 01.04. 2022 until 31.03.2023.
- On 23 March 2023, the Regulator reviewed the document Evaluation of the concentration of electricity market in Kosovo through the HHI index (herfindahl–hirschman index) for the year 2022. The evaluation is based on the calculation of market concentration indices, such as market share(MS), concentration ratio (CRn), Herfindahl-Hirschman Index (HHI), Main Supplier Index (PSI) and Residual Supply Index (RSI), and this evaluation shows that the wholesale and retail electricity market still continue to face a lack of competition and high concentration.



- Therefore, taking into account the above-mentioned circumstances and based on the legislation in force mentioned in the introductory section of this Decision as well as the operational capabilities of KESCO to provide electricity supply as a Universal Service, the Regulator has decided to impose to KESCO the Public Service Obligation for the provision of electricity supply as a Universal Service, as in the enacting clause of this Decision.
- IX.** The decision is issued in official languages of the Republic of Kosovo.
- X.** The decision shall enter into force on the date of approval by the Board and will be published on the official website of ERO.

ERO Board:

Ymer Fejzullahu, Chairman

Lutfije Dervishi, member

Gani Buçaj, member

This decision is sent to:

KESCO
KEDS
KOSTT and
Regulator's archive.