



Pristina, 23 March 2023
ERO Code: V_1705_2023

The Board of Energy Regulatory Office,

Based on:

- Provisions of Article 9, paragraph 1, sub-paragraph 1.7, Article 15, paragraph 1, sub-paragraph 1.5, Article 25, Article 26, paragraph 1, sub-paragraph 1.2, Article 46, paragraph 1, sub-paragraph 1.1, Article 47, paragraph 3, sub-paragraph 3.3 and Article 48 of the Law on Energy Regulator (Law No. 05/L-084);
- Provisions of Article 16 and Article 22 of the Law on Electricity (Law No. 05/L-085);
- Legal provisions of the Rule No.03/2017 on Determination of Maximum Allowed Revenues of the Transmission System and Market Operator (Rule on TSO/MO Revenues);
- Provisions of the Rule no. 10/2017 on Support Scheme for Renewable Energy Sources Generators;
- ERO Notice no. 274/22, dated on 26.05.2022 on the Third Tariff Review Process; and
- Application of the Transmission System and Market Operator (KOSTT JSC.) on Maximum Allowed Revenues for the Third Regulatory Period (hereinafter: PRR3), submitted on 22 November 2022;

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

DECISION

- I. **APPROVAL OF MAXIMUM ALLOWED REVENUES (hereinafter: MAR)** to be collected by the Transmission System and Market Operator – TSO/MO (KOSTT JSC) for the Third Regulatory Period PRR3 (2023-2027).
- II. Maximum Allowed Revenues of TSO for the Third Regulatory Period PRR3 (2023-2027) are presented in the following table:

<i>Maximum Allowed Revenues for PRR3</i>	2023 €000	2024 €000	2025 €000	2026 €000	2027 €000
MAR for TSO/MO	55,234	61,056	61,449	61,561	62,098

- III. The Transmission System and Market Operator (TSO/MO) is **OBLIGED**, in line with the Methodology on Determination of Tariffs and Transmission Connection Charging Methodology, to prepare and

submit for approval at ERO the transmission, system operation and market operation tariffs, based on the MAR of TSO/MO, according to this Decision.

- IV. This Decision will be implemented by the Transmission System and Market Operator (TSO/MO-KOSTT) starting from 01 April 2023.

REASONING

- Energy Regulatory Office (ERO), on 26 May 2022, initiated the Third Periodic Review Process for the regulated operators, including the Transmission System and Market Operator (TSO/MO).
- ERO, according to its notice has evaluated that this Third Periodic Review Process for multi-year tariffs (PRR3) aims to determine the Maximum Allowed Revenues (MAR) of the licensees TSO/MO and DSO, for the third regulatory period 2023-2027.
- ERO, on 22 November 2022, received from the Transmission System and Market Operator – KOSTT JSC, the application for Maximum Allowed Revenues for PRR3 2023-2027.
- ERO, following the initial evaluation of applications on Maximum Allowed Revenues (MAR) for the licensee Transmission System and Market Operator (TSO/MO, KOSTT), provided to the licensee and other stakeholders the opportunity to submit their comments through public consultation for a two-weeks period.
- ERO, on 16 February 2023, published the Consultation Report on Maximum Allowed Revenues for TSO/MO for PRR3.
- The Consultation Report presented the proposals of ERO for MAR, to be recovered by TSO/MO during the Third Regulatory Period PRR3. The approved Maximum Allowed Revenues will determine the transmission use of system tariffs, system operation and market operation, which will be charged to transmission system users. The report was published for public consultation with the purpose of receiving comments from the stakeholders on ERO proposals.
- The Transmission System and Market Operator, on 03 March 2023, submitted the comments on the Consultation Report on Maximum Allowed Revenues of Electricity, within PRR3.
- ERO, during public consultation, has received updated information from the Transmission System and Market Operator, which were reviewed and analysed during the final evaluation.
- ERO, among others, has handled all the comments of the TSO/MO, in relation the transmission losses costs, ancillary services, ITC mechanism, RES fund, operational expenses, capital costs, comments of KEK JSC. on changing the price of energy for recovery of transmission losses, as well as comments from stakeholders.
- The Final Report on Review of Maximum Allowed Revenues for TSO/MO, includes the final evaluations and responses to comments of stakeholders.

- It is worth emphasizing that Maximum Allowed Revenues for TSO/MO will be subject to the Regular Annual Adjustment Process, according to Rule no. 03/2017 on TSO/MO Revenues, issued by ERO.
- It should also be emphasized that that the overall costs of KOSTT, for 2023, prior to the adjustment of the RES fund costs, are in the amount of 59,697€000, however following the adjustment of RES fund costs in the amount of 4,464€000, the overall costs of TSO/MO for 2023 are 55,234€000, as defined in the enacting clause to this Decision. The forecast of RES fund costs for 2024-2027 has taken as a base value the forecast costs in 2023. Similarly, in the upcoming years of the regulatory period, the RES fund costs will be adjusted to take into account the differences between realization and forecast.
- ERO Board, following the evaluation and analysis of relevant report and the review of the comments received by parties, as well as based on the legal provisions mentioned in the introductory section of this decision, has decided as in the enacting clause to this decision.

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

VI. The decision enters into force on the date of approval by ERO Board and the same will be published in the official website of ERO.

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

ERO Board:

Ymer Fejzullahu, Chairman

Lutfije Dervishi, Member

Gani Buçaj, Member

This decision is sent to:

- KOSTT,
- KEDS,
- KESCO and
ERO Archive.