



Pristina, 23 March 2023  
ERO Code: V\_1707\_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 1.2, Article 47 and Article 48 of the Law on Energy Regulator (Law No. 05/L-084);
- Provisions of Article 16 of the Law on Electricity (Law no. 05/L-085);
- Rule no. 15/2017 on Determination of Revenues for Universal Service Supplier (Rule on USS Revenues);
- Provisions of the Rule no. 03/2017 on Determination of Maximum Allowed Revenues of Transmission System and Market Operator (Rule on TSO/MO Revenues);
- Provisions of the Rule no. 05/2017 on Determination of Maximum Allowed Revenues of Distribution System Operator (Rule on DSO Revenues);
- ERO Notice no. 015/23, dated on 11.01.2023 on Extraordinary Review of Maximum Allowed Revenues for regulated operators;
- Decision on Maximum Allowed Revenues for Transmission System and Market Operator TSO/MO, no. V\_1705\_2023;
- Decision on Maximum Allowed Revenues for Distribution System Operator – DSO, no. V\_1706\_2023; and
- Application of the Universal Service Supplier (USS/KESCO JSC) on Maximum Allowed Revenues for Universal Service Supplier of electricity, submitted on 23 January 2023 at ERO;

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

## **DECISION**

- I. APPROVAL OF MAXIMUM ALLOWED REVENUES (hereinafter MAR) for Universal Service Supplier (USS) for 2023.**
  
- II. The Maximum Allowed Revenues of Universal Service Supplier for 2023 will be €398,442,759.**



- III. The Universal Service Supplier (USS) is **OBLIGED** to prepare and submit to ERO for approval the proposal of regulated retail tariffs, according to this Decision.
- IV. This decision will be implemented by the Universal Service Supplier (USS) starting from 01 April 2023.

## **REASONING**

- The Universal Service Supplier (USS), on 5 December 2022, submitted the request for extraordinary review at ERO.
- ERO, based on the notice, has emphasized that within the continuous monitoring of the security of electricity supply, it has analysed the actual data of the operators and based on them concluded that the materiality threshold set by the Rules on Revenues for the regulated operators has been reached, namely the criteria for opening an extraordinary review have been fulfilled. The main drivers for exceeding the materiality threshold are based on the lack of realized revenues and the higher costs of wholesale energy compared to the forecast ones.
- Energy Regulatory Office (ERO), on 11 January 2023, initiated the Extraordinary Review Process of Maximum Allowed Revenues for regulated operators, including the Universal Service Supplier (USS).
- ERO, on its notice, emphasized that on 26 May 2022 it initiated the periodic review process for the third regulatory period 2023-2027, and at the same time pointed out that the periodic review process shall continue simultaneously with the extraordinary review process, and depending on the circumstances, it will take into consideration the possibilities of handling it within this process.
- ERO has also emphasized that all the required actions will be undertaken in line with the energy sector legislation so that the security of electricity supply is not jeopardized.
- ERO, on 23 January 2023, received from the Universal Service Supplier (USS) the application for Maximum Allowed Revenues of electricity for 2023.
- Energy Regulatory Office (ERO), on 16 February 2023 published the Consultation Report – Annual Adjustment for USS for 2023.
- The Consultation Report presented the proposals of ERO on Maximum Allowed Revenues to cover the significant difference in the power purchase costs and to re-establish the electricity supply for customers. The report was published for public consultation in order to receive the comments of stakeholders on ERO proposals.
- ERO has reviewed the request of USS for Extraordinary Review and agreed that the factual data prove that the materiality threshold has been exceeded and reacted in time to start the extraordinary review. However, due to the date of submission of such application and the



process of its implementation, the efficiency of the extraordinary review will be the same as the regular annual adjustment. Therefore, ERO has taken into account the continuous impact of extraordinary events (that exceed the materiality threshold) in the regular annual adjustments.

- During the public consultation period, ERO received comments from different stakeholders on the Consultation Report regarding MAR for PRR3, respectively: Kosovo Energy Corporation (KEK), Independent Union Elektrokosova KESCO, Government of the Republic of Kosovo, Office of the President of the Republic of Kosovo and the Universal Service Supplier – KESCO.
  - The Universal Service Supplier – KESCO, on 03 March 2023, submitted comments on the Consultation Report on Maximum Allowed Revenues of Electricity, within PRR3.
  - ERO has handled the comments of USS related to wholesale energy purchase costs for 2023, allowed retail costs, pass-through costs, adjustments, revenues correction factor and other cost components. Following the evaluation and analysis, it provided professional explanations and included them in the Final Report for MAR of USS.
  - ERO has also analysed the comments of Kosovo Energy Corporation (KEK), Independent Union Elektrokosova KESCO, Government of the Republic of Kosovo, Office of the President of the Republic of Kosovo, and following the professional analysis, it presented the written comments which were included in the Final Report.
  - It is worth emphasizing that Maximum Allowed Revenues for USS will be subject to Regular Annual Adjustment process, according to Rule no. 15/2017 on USS Revenues, issued by ERO Board.
  - USS/KESCO shall submit the proposals for retail regulated revenues by acting in accordance with the Rule No. 15/2017 on Determination of Revenues for Universal Service Supplier (Rule on USS Revenues).
  - ERO Board, following the evaluation and analysis of relevant reports and following the review of comments received by parties, as well as based on 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 official languages of the Republic of Kosovo.
- VI.** The decision will 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 the 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:**

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