



Pristina, 30 March 2023
ERO Code: V_1712_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, Article 48 and Article 49 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. 03/2017 on Determination of Maximum Allowed Revenues of Transmission System and Market Operator (Rule on TSO/MO Revenues);
- Principles on Determination of Transmission Use of System Tariffs and Market (TUOS) and Connection Taxes;
- Decision V_1705_2023, dated 23 March 2023, on Approval of Maximum Allowed Revenues (MAR) for TSO/MO;
- Methodology on Determination of Transmission Use of System Tariffs (TUOS);
- Methodology on Determination of System Operator Tariffs;
- Methodology on Determination of Market Operator Tariffs; and
- TSO/MO Proposal on approval of TSO/MO Tariffs, within the Electricity Tariff Review, submitted on 28 March 2023,

in the session held on 30 March 2023 issued the following:

DECISION

- I. APPROVAL** - of Transmission Use of System Tariffs, System Operation and Market Operation, to be implemented by the Transmission System and Market Operator (TSO/MO) starting from 01 April 2023 until the next tariff review.

- II. The structure of tariffs for Transmission Use of System, System Operation and Market Operation is provided in the following table of this decision:

Tariff group	Tariff element	Unit	Tariffs 2023
Transmission connected generation	System Operator Tariff	€/MWh	2.029
	Market Operator Tariff	€/MWh	0.024
Distribution connected generation	System Operator Tariff	€/MWh	0.221
	Market Operator Tariff	€/MWh	0.024
Distribution Operator	System Operator Tariff	€/MWh	1.980
	Market Operator Tariff	€/MWh	0.025
Supply	TUOS Tariff 400/220 kv	€/kW/year	5.205
	TUOS Tariff 110 kv	€/kW/year	10.614
	System Operator Tariff	€/MWh	1.980
	Market Operator Tariff	€/MWh	0.025
	RES Fund Tariff	€/MWh	3.136

- III. This decision will be implemented by the Transmission System and Market Operator (TSO/MO) starting from 01 April 2023 until the next tariff review.

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 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 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 the applications related to Maximum Allowed Revenues (MAR) for the licensee of the Transmission System and Market Operator (TSO/MO, KOSTT), entitled the licensees and other stakeholders to submit their comments through public consultation for a period of two (2) weeks.

- 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 shall determine the transmission use of system tariffs, system operation and market operation which shall be charged to transmission system users. The report was published for public discussion and the stakeholders were entitled to provide their comments on ERO proposals.
- The Transmission System and Market Operator submitted the comments on 03 March 2023 on the Consultation Report on Maximum Allowed Revenues of electricity, within PRR3.
- ERO, during public consultation, received updated information from the Transmission System and Market Operator which were reviewed and analysed during the final evaluation.
- ERO, among others, handled all the comments of TSO/MO in relation to the cost of transmission losses, ancillary services, ITC Mechanism, RES Fund, operational expenses, capital costs, comments of KEK JSC in relation to the change of energy price for covering the transmission losses, as well as the comments of stakeholders.
- The Final Report on the Review of Maximum Allowed Revenues for TSO/MO includes the final evaluations as well as responses to the comments of stakeholders.
- It is worth emphasizing that the Maximum Allowed Revenues for TSO/MO shall be subject to Regular Annual Adjustment Process, in line with the Rule no. 03/2017 on TSO/MO Revenues, issued by ERO.
- It should also be emphasized that the overall costs of KOSTT for 2023, prior to the adjustment of the RES Fund costs are in the amount of 59,697€000s, however, following the adjustment for the RES Fund costs in the amount of 4,464€000s, the overall costs of TSO/MO for 2023 are 55,234€000s, as defined in the enacting clause to this decision. The forecast of RES Fund costs from 2024-2027 has taken as a base value the forecast costs in 2023. Similarly, in the following years of the regulatory period, the RES Fund costs will be adjusted to take into account the differences between forecast and realization.
- The final Report of the Extraordinary Review of Maximum Allowed Revenues for regulated operators has included the TSO/MO operator as well, namely the final evaluations and responses to the comments of stakeholders.
- ERO Board, on 23 March 2023, through the Decision V_1705_2023 approved the Maximum Allowed Revenues in the amount of €55,233,623.
- According to the decision V_1705_2023, TSO/MO shall prepare and submit for approval to ERO, the transmission use of system tariffs, system operation and market operation, based on TSO/MO MAR.
- ERO, on 28 March 2023, received from TSO/MO the proposal for Transmission Use of System Tariffs, System Operation and Market Operation.

- The proposal of TSO/MO for the TSO/MO tariffs is based on the Decision of ERO on Maximum Allowed Revenues V_1705_2023, dated on 23 March 2023. The tariffs proposed by TSO/MO are calculated in compliance with the Methodology on Determination of Transmission Use of System Tariffs (TUOS); Methodology on Determination of System Operator Tariffs and Methodology on Determination of Market Operator Tariffs.
- The tariffs proposed by TSO/MO reflect the cost of service for the activities of the Transmission System, System Operation, Market Operation and the Renewable Energy Sources Fund, in line with the Rule no. 10/2017 on the Support Scheme.
- ERO Board, following the evaluation and analysis of the proposal for Transmission Use of System Tariffs, System Operation and Market Operation has evaluated that the request is based on the decision V_1705_2023, dated on 23 March 2023 on Maximum Allowed Revenues and based on the legal provisions mentioned in the introductory section of this decision, has decided as in the enacting clause to this decision.

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

V. 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 following the receipt of this decision or 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:

- Transmission System and Market Operator (KOSTT JSC)
- ERO Archive