



Pristina, 30 March 2023  
ERO Code: V\_1714\_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, Article 48 and Article 49 of the Law on Energy Regulator (Law no.05/L-084);
- Provisions of Article 27 and 28 of the Law on Electricity (Law no. 05/L-085);
- Legal provisions of the Rule no. 05/2017 on Determination of Maximum Allowed Revenues of Distribution System Operator (Rule on DSO Revenues);
- Principles on Determination of Distribution Use of System Charges;
- Methodology on Determination of Distribution Use of System Charges;
- Decision V\_1706\_2023, dated on 23 March 2023 on Maximum Allowed Revenues (MAR) for DSO;
- DSO proposal on approval of regulated tariffs of Distribution System Operator, submitted on 27 March 2023,

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

## DECISION

- i. **APPROVAL** - of Distribution Use of System Tariffs (DUOS Tariffs) to be implemented by the Distribution System Operator (DSO).
- ii. The structure of DUOS tariffs to be implemented by DSO is provided in the following table:

Distribution Use of System Tariffs		
Voltage level	Unit	Tariff
35 kV	€/kWh	1.14
10 kV	€/kWh	1.77
0.4 kV	€/kWh	2.84

- III. This decision will be implemented by the Distribution System Operator (DSO) 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 Distribution System Operator (DSO).
- Energy Regulatory Office (ERO), on 11 January 2023, initiated the Extraordinary Review of Maximum Allowed Revenues for the regulated operators, including the Distribution System Operator (DSO). ERO, according to the notice, emphasized that within the ongoing monitoring of the security of electricity supply, analysed the actual data of the operators and based on them concluded that the materiality threshold set with the Rules on Revenues for the regulated operators was reached, namely the criteria for opening the extraordinary review have been fulfilled, where the main causes for exceeding the materiality threshold were based on the lack of revenues and higher costs of wholesale electricity compared to the forecast ones.
- Given that the implementation of the extraordinary review process shall be the same as the one of the regular annual adjustment, ERO, as set in the Rule on DSO Revenues, has taken into account the ongoing impacts of extraordinary events (that exceed the materiality threshold) in this periodic review.
- ERO, according to its notice, evaluated that this Third Periodic Review Process for multi-year tariffs (PRR3) aims to set the Maximum Allowed Revenues (MAR) of the licensees TSO/MO and DSO, namely the tariffs for the period 1 April 2023 until the next periodic review.
- ERO, on 22 November 2022, received from the Distribution System Operator (DSO) the application for Maximum Allowed Revenues for PRR3 2023-2027.
- ERO, following the initial evaluation of applications related to the Maximum Allowed Revenues (MAR) for the licensee of the Distribution System Operator (DSO/KEDS), enabled 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 DSO for PRR3.
- The Consultation Report presented the proposals of ERO for MAR to be recovered by DSO during the Third Regulatory Period PRR3. The approved Maximum Allowed Revenues will determine the Distribution Use of System Tariffs which will be charged to distribution system users. The report was published for public consultation in order to receive comments from stakeholders on ERO proposals.
- ERO, during public consultation, received comments on the Consultation Report for PRR3 MAR from different stakeholders, namely from: Kosovo Energy Corporation (KEK), Independent Union Elektrokosova KEDS, Government of the Republic of Kosovo and Distribution System Operator.

- The Distribution System Operator, on 03 March 2023, submitted the comments on the Consultation Report on Maximum Allowed Revenues of Electricity, within PRR3.
- ERO handled the comments of DSO and following the professional evaluation and analysis presented the written responses which were included in the Final Report.
- ERO also analysed the comments of Kosovo Energy Corporation (KEK), Independent Union Elektrokosova KEDS and Government of the Republic of Kosovo. Following the professional analysis and evaluation, it presented the written responses which were included in the Final Report.
- The Final Report of DSO Maximum Allowed Revenues includes the final evaluations and responses to the comments of stakeholders.
- ERO Board, on 23 March 2023, through Decision V\_1706\_2023 approved the Maximum Allowed Revenues to be recovered by the Distribution System Operator, through Distribution Use of System Tariffs, for the period from 01 April 2023 until the next tariff review.
- ERO Board, on 23 March 2023, through the decision V\_1706\_2023, approved the Maximum Allowed Revenues to be recovered from the Distribution System Operator (DSO) KEDS JSC for the Third Regulatory Period PRR3 (2023-2027), where for 2023 they are in the amount of €133,807,287.
- According to Decision V\_1706\_2023, DSO shall prepare and submit for approval to ERO the Distribution Use of System Tariffs.
- ERO, on 27 March 2023, received from DSO the proposal for Distribution Use of System Tariffs.
- ERO evaluated the proposal for Distribution Use of System Tariffs and reached the conclusion that the tariffs rightly reflect the reasonable costs for provision of respective services.
- ERO Board, following the evaluation and analysis of the proposal for Distribution Use of System Tariffs, based on the Decision V\_1706\_2023 on Maximum Allowed Revenues for DSO and the Methodology on Determination of Distribution Use of System Charges, evaluated that the DUOS tariffs for the costs of service for relevant tariff year 2023 were calculated, therefore 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 ERO's official website.

**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:**

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Ymer Fejzullahu, Chairman

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Lutfije Dervishi, member

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Gani Buçaj, member

**This decision is sent to:**

- Distribution System Operator (KEDS JSC), and
- ERO Archive