



Republika e Kosovës
Republika Kosova - Republic of Kosovo

ZYRA E RREGULLATORIT PËR ENERGIJË
REGULATORNI URED ZA ENERGIJU
ENERGY REGULATORY OFFICE



Pristina, July 17, 2023
ERO Code: V_1748_2023

The Board of Energy Regulatory Office

Based on:

- Provisions of Article 9, paragraph 1, subparagraph 1.7, Article 15, paragraph 1, point 1.2 and paragraph 7, subparagraph 7.2, Article 25 and Article 26, paragraph 1, subparagraph 1.2 of the Law on Energy Regulator (Law No. 05/L-084 Official Gazette of the Republic of Kosovo/No. 25/ July 14, 2016, Pristina);
- Provisions of Article 22, paragraph 7, and Article 23, paragraph 9, points 9.3, 9.13, 9.15 and 9.16 of the Law on Electricity (No. 05/L-085 Official Gazette of the Republic of Kosovo/No. 26/ July 21, 2016, Pristina);
- Provisions of Article 3, 4, 5, 6 and 7 of Rule No. 04/2020 on Designation of the Nominated Electricity Market Operator (NEMO) for Carrying Out Activities Related to Market Coupling and Joint Market Operation;
- Provisions of Article 3.5 of Electricity Market Operator License, issued to KOSTT J.S.C. with License number: ZRRE/Li_16/17;
- Decision V_1332_2020, of 10.12.2020, for approval in Principle of the request of MO/KOSTT J.S.C. for the transfer of certain rights and obligations, related to organization and day-ahead and intraday electricity market, to the Albanian Power Exchange Electricity Company (ALPEX J.S.C.).
- Decision V_1637_2022, of 27.12.2022, for approval of the transfer of rights and obligations for organization of the day-ahead and intraday market and calculations of the final settlement from Market Operator/KOSTT JSC to Albanian Power Exchange J.S.C. (ALPEX J.S.C.);
- Decision V_1638_2022, of 27.12.2022, for approval of rules and procedures (general conditions, definitions, trading procedure as well as clearing and settlement procedure);
- Request/application of the Albanian Power Exchange - ALPEX J.S.C. for Designation of ALPEX J.S.C., as the Nominated Electricity Market Operator (NEMO), No. 329/23 of 21.06.2023;

in the session held on July 17, 2023, renders the following:



DECISION

- I. **APPROVING** - request of the Albanian Power Exchange company (ALPEX J.S.C.), and **DESIGNATING** it as the Nominated Electricity Market Operator (NEMO) for carrying out of Activities Related to the day-ahead and intraday Market Coupling and Operation for the territory of the Republic of Kosovo.
- II. **OBLIGING** - the Albanian Power Exchange company (ALPEX J.S.C.), to submit the Economic Program 2023 prior to NEMO operationalization, amended and approved by the ALPEX governing bodies.
- III. **OBLIGING** - the Albanian Power Exchange company (ALPEX J.S.C.), to submit an acceptable rationale for the change in the number of staff comparing to the initial submitted proposal and that this change must be submitted prior to NEMO operationalization.
- IV. **OBLIGING** - the Albanian Power Exchange company (ALPEX J.S.C.), in the capacity of NEMO, to submit to ERO for approval the methodology on determination of system operator tariffs and, in accordance with this methodology, to complete the application for determination of tariffs.
- V. Designation of NEMO in accordance with Article 3 of Rule No. 04/2020 shall remain valid until the inclusion of CACM Regulation in the primary legislation of the Republic of Kosovo, and afterwards the designation of NEMO shall be confirmed in accordance with the CACM Regulation.

Reasoning

- Energy Regulatory Office (hereinafter: ERO), on 21.06.2023, received a request/application from the Albanian Power Exchange company - ALPEX J.S.C. for designation of ALPEX J.S.C., as the Nominated Electricity Market Operator (NEMO), for carrying out of Activities Related to the day-ahead and intraday Market Coupling and Operation for the territory of the Republic of Kosovo.
- In its application process, the Albanian Power Exchange company - ALPEX J.S.C. completed the form in accordance with Annex 1.a, demonstrating compliance with the criteria listed in Article 4 of Rule No. 04/2020, and submitted the documents listed in Annex 1.b of Rule No. 04/2020.
- Upon receipt of a request/application for NEMO designation, the ERO has appointed a committee for evaluation of the file and the attached evidence, and it has evaluated the relevant evidence envisaged with Annex 1.b, which are required to be completed for the designation of NEMO as national monopoly for day-ahead and intraday trading services.
- ERO has evaluated the evidence required in accordance with Article 4 of the Rule for NEMO designation, where according to Annex 1.a, the applicant has presented the general information on the legal entity, contact information, statement, of whether the applicant is applying for designation as NEMO ALPEX J.S.C. for day-ahead and intraday market coupling,



statement whether the entity is active as a legal monopoly in another market, statement whether all or part of the application is confidential, the reasons why and which parts, and the signature and statement to the correctness of the information submitted.

- Furthermore, in accordance with Annex 1.b, regarding the Interpretation of Article 4 and the associated support documents to be submitted pursuant to it, taking into account best practice examples from EU Member States. Regarding compliance with the criteria listed in Article 4, paragraph 1, subparagraph 1.1, the applicant confirmed it that it has contracted the adequate resources for common operation of the single day-ahead and intra-day market, including financial resources, information technology, technical infrastructure and operational procedures that ensure the exercise of functions of the Nominated Electricity Market Operator, and it has submitted the required documents on compliance with the legal requirements.
- On compliance with legal requirements defined in Article 4, par. 1.2, the applicant has provided clarifications related to provision of access to information in accordance with Article 5 of the Rule, where it has provided the necessary evidence concerning: the communication strategy, including the description and evidence of where and how market participants can access information, the data publication process and the description of emergency planning, and has provided guarantees that this information will be available to all market participants.
- On compliance with legal requirements defined in Article 4, par. 1.3, the applicant has provided clarifications that it will operate cost-efficiently with respect to single day-ahead and intraday market coupling and has provided clarifications regarding its internal accounting, and separate accounts for Market Coupling Operator (MCO) functions, and other activities in order to prevent possible cross-subsidization.
- On compliance with legal requirements defined in Article 4, par. 1.4, the applicant has provided necessary clarifications and evidence including: information regarding possible other business by the applicant, statement regarding whether the applicant is active in other parties, a complete overview of all operational dependencies of other market participant, information concerning the makeup and identity of direct and indirect owner. As for the detailed description of organizational structure, even though the applicant has submitted the organizational structure, the applicant is obliged to submit an acceptable justification for the change in the number of staff comparing to the initial proposal submitted, and this justification must be submitted in ERO prior to NEMO operationalization.
- On compliance with legal requirements defined in Article 4, par. 1.5, the applicant has provided clarification regarding the requirements of this point, where it has provided a clear explanation regarding the account processes for each activity.
- On compliance with legal requirements defined in Article 4, par. 1.6, the applicant has provided clarifications, including procedures for the coupling market participants to join and use the applicant's services that shall not allow for discrimination of market participants, and internal procedures concerning operational arrangements and services to market participants that are not discriminatory.



- On compliance with legal requirements defined in Article 4, par. 1.7, the applicant has provided clarifications regarding appropriate rules and organization for market surveillance in accordance with the rules in force.
- On compliance with legal requirements defined in Article 4, par. 1.8, the applicant has provided clarifications that it has in place appropriate transparency and confidentiality agreements with market participants, however it has demonstrated that when the Day Advance market for the area of operation of Kosovo is going to be launched, the agreement with KOSTT will be signed.
- On compliance with legal requirements defined in Article 4, par. 1.9, the applicant has provided clarification regarding the provision of necessary clearing and settlement services, and it has demonstrated that it has adequate capitalization and financial security, together with procedures in place to ensure satisfactory guarantees for settlements, necessary to clear and settle exchange of energy resulting from single day-ahead and/or intraday market coupling. Moreover, it has provided the evidence regarding the technical, operational and contractual arrangements to clear and settle exchange of energy resulting from single day-ahead and/or intraday market coupling, some of which have been finalized while others are in their drafting phase and will be finalized prior NEMO becomes operational.
- On compliance with legal requirements defined in Article 4, par. 1.10, the applicant has provided clarifications regarding the actions taken in relation to the necessary communication systems and practices for coordinating with KOSTT J.S.C.
- ERO has assessed that the requirements provided for in accordance with Annexes of the Rule No. 04/2020 are met, and after the administrative review and evaluation of application of the Albanian Power Exchange company - ALPEX J.S.C. for designation as the Nominated Electricity Market Operator (NEMO) for carrying out of Activities Related to the day-ahead and intraday Market Coupling and Operation, it proposed that, after the review and evaluation of the request by the ERO Board, to decide to approve the request, obliging the applicant to also demonstrate the compliance with the requirements mentioned in the enacting clause II, III and IV of this Decision.
- ERO Board, following the analysis and evaluation of the Request of ALPEX J.S.C. for designation of ALPEX J.S.C., as the Nominated Electricity Market Operator (NEMO), for carrying out of Activities Related to the day-ahead and intraday Market Coupling and Operation for the territory of the Republic of Kosovo, and based on legal provisions mentioned in the introductory section of this Decision, has decided as in the enacting clause of this Decision.

VI. The decision is issued in official languages of the Republic of Kosovo.

VII. The Decision shall enter into force on the date of approval by the Board of the Regulator and will be published on the ERO's official website, and will notify the ECRB.



Legal remedy: The party dissatisfied with this Decision may initiate an administrative dispute at the Competent Court, within thirty (30) days from the date of the receipt of this Decision or the date of its publication on ERO's website, whichever occurs last.

ERO Board:

Ymer Fejzullahu, Chairperson

Lutfije Dervishi, Member

Gani Buçaj, Member

Decision is sent to:

- Party,
- KOSTT J.S.C.,
- Energy Community Regulatory Board (ECRB), and
- ERO Archive.