



Republika e Kosovës
Republika Kosova - Republic of Kosovo

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



REGULATORY REPORT
Determination of tariffs for District Heating Gjakova JSC Heating Season 2023/2024

Pristina, November 2023



1. Entry –Tariff Structure

The tariff structure for thermal energy is determined in line with the Thermal Energy Pricing Rule, issued by ERO (Chapter IV: Thermal Energy Tariffs – Articles 15 and 16). The structure of thermal energy tariffs contains two types of tariffs: the tariffs for “metered customers” and the tariffs for “unmetered customers”, depending on the infrastructure of the thermal energy meters.

1.1 The tariffs for ‘metered customers’

The tariffs for ‘metered customers’ are based on the metered and registered consumption of thermal energy. The ‘metered tariffs’ are comprised of:

- Fixed tariff component: a monthly charge of the capacity based on the evaluated heat capacity [€/kW per month]; and
- The variable tariff component: monthly charge of the energy based on the metered heat supply [€/MWh or €cent/kWh];

1.2 The tariffs for ‘unmetered customers’

The tariffs for ‘unmetered customers’ are based on the heated area of the customers. Taking into account that the pre-calculated values for the capacity and specific consumption of thermal energy per meter square are different for household and commercial and institutional customers, therefore, in order to have tariffs that reflect the specific structure of consumption for each category, the ‘unmetered tariffs’ are divided into two sub-groups:

- tariffs for household customers; and
- Tariffs for commercial and institutional customers.

Furthermore, the ‘unmetered tariffs’ are characterized in two components:

- Fixed tariff component: monthly charge of the capacity based in an approximate value for heat capacity per meter square of the heating area [[€/m² per month]; and
- Variable tariff component: monthly payment of energy based in an approximate value for heat consumption per meter square of the heating area [€/m² per month].

2. Allocation of Allowed Revenues (MAR)

Referring to Appendix 6: “Details for Calculation of Tariffs” of the Thermal Energy Pricing Rule, as well as for reflecting the tariff structure, for calculation of thermal energy tariffs shall also be determined the allocation of allowed revenues and billing determinants.

The allocation of allowed revenues is carried out in line with the tariff structure, described in point ‘1’ above, having allowed revenues as an initial point, as determined in the Report on Allowed Revenues for DH Gjakova for the heating season 2023/24, in an amount of 1,001,989 €. The basic criteria for allocation is the pre-calculated consumption of thermal energy for each tariff category/component. Based in this criteria and categories/components of tariff structure, the allocation coefficients and respective allocation of Allowed Revenues have been determined with the following details:

- The allocation of MAR for tariffs of the ‘metered’ and ‘unmetered’ customers – Due to the fact that DH Gjakova IS in the first years of operation, and that it has not submitted the data in relation to customers which are foreseen to be billed based on ‘metered’ consumption. Due to the absence of the data, the allocation of MAR for metered and unmetered customers is not carried out. The tariffs for both groups are calculated taking into account the total MAR. Concretely, the calculation of metered tariffs is carried out assuming that all customers are billed based on metered consumption, therefore the thermal energy and total thermal capacity is taken as a basis for calculation; the



calculation of unmetered tariffs is conducted assuming that all customers are billed based on unmetered consumption, therefore the total area of customers is taken as a basis for the calculation.

2.1. The allocation of MAR for unmetered tariffs

- The allocation of MAR in fixed and variable component for unmetered tariffs:

- i) Fixed part of allowed revenues $MAR_{F(\text{unmetered})} = 492,760 \text{ €}$ and
- ii) Variable part of allowed revenues $MAR_{V(\text{unmetered})} = 509,229 \text{ €};$

- The allocation of fixed part for household customers as well as commercial and institutional customers:

The allocation of the fixed part for household customers and commercial and industrial customers is based in the ratio of the engaged capacity of the customer category with the total engaged capacity. The calculation of the engaged capacity is presented in Table 1.

Table 1: The calculation of engaged capacity at household customers and commercial and institutional customers

	Unit	Household	Commercial and institutional	Total
HD_i –Demand of the heating season of the customer group ‘i’	MWh	4,950	11,413	16,363
HS_i –Heated area of the customer group ‘i’	m ²	49,502	95,103	144,605
HP_i –Engaged capacity for the customer group ‘i’	MW	5.21	17.56	22.77
HP_i / ΣHP – Allocation of fixed costs		22.89%	77.11%	100%

- i) Fixed part of MAR, allocated for household customers $HML_{F\text{SH}} = 112,773 \text{ €}$ and
- ii) Fixed part of MAR, allocated for com. and inst. $HML_{F\text{K\&I}} = 379,987 \text{ €}$

- Allocation of variable part for the household customers and commercial and institutional customers:

The allocation of variable part for household and commercial and institutional customers is based on the ratio of energy demand for customers’ category compared to the total heating demand. The allocation of variable costs is presented in Table 2.

Table 2: Allocation of variable costs for household customers as well as commercial and institutional customers.

	Unit	Household	Commercial and institutional	Total
HD_i –Demand of the heating season of the customer group ‘i’	MWh	4,950	11,412	16,363
HDI/ΣHD – Allocation of variable costs	Unit	30.25%	69.75%	100%

- i) Fixed part of MAR allocated for household customers $HML_{V\text{SH}} = 154,058 \text{ €}$ and
- ii) Fixed part of MAR allocated for com. and ins. customers $HML_{V\text{K\&I}} = 355,171 \text{ €}$

2.2. Allocation of MAR for metered tariffs

- Allocation of MAR for fixed and variable component for unmetered tariffs:

According to Article 47, paragraph 3.9 of the Law on Energy Regulator (no. 05/L-084), the Regulator



is encouraged to use different mechanisms during tariff determination, for improvement of energy efficiency and demand management.

In order to encourage efficient use of heat by metered customers, the Regulator proposed to allocate MAR into fixed and variable tariff component, according to the division presented below.

- i) Fixed part of allowed revenues and
and $MAR_{F(\text{metered})} = 100,219 \text{ €}$
- ii) Variable part of allowed revenues $MAR_{V(\text{metered})} = 891,770 \text{ €};$

3. Billing determinants

Same as the allocation of allowed revenues, the billing determinants are a reflection of and in line with the tariff structure; details as follows:

- For unmetered tariffs
 - i) Heating area of household customers: $S_{SH} = 49,502 \text{ m}^2$ and
 - ii) Heating area of commercial and institutional customers: $S_{K\&I} = 95,103 \text{ m}^2$
- For metered tariffs
 - i) Total consumption of customers: $\Sigma HD = 16,363 \text{ MWh}$
 - ii) Engaged capacity for all customers: $\Sigma HP = 22.77 \text{ MW}$

4. Levels of Thermal Energy Tariffs

In line with the tariff structure as well as based on the allocation of allowed revenues and billing determinants, the tariff levels are calculated for each tariff category/component, as presented in the following table:

Table 3: The structure and levels of thermal energy tariffs for DH Gjakova for the 2023/2024 season:

Symbol/Pos.	Description	Unit	Amount		
			Gr. Of Hous. Cust.	Gr. of Com. and Inst. Cust.	Total / Average
$MAR_{(\text{unmetered})}$	Maximum Allowed Revenues for unmetered tariffs	€			1,001,989
$MAR_{F(\text{unmetered})}$	Fixed part of MAR for unmetered tariffs	€			492,760
$MAR_{V(\text{unmetered})}$	Variable part of MAR for unmetered tariffs	€			509,228
$S_{(\text{unmetered})}$	Heating area of unmetered cust.	m^2	49,502	95,103	144,605
T_{yHC}	Seasonal Tariff for Thermal Capacity (Fixed Comp.)	€/m ² /season	2.28	4.00	3.41
T_{yHD}	Seasonal Tariff for supplied amount of thermal energy (var. comp.)	€/m ² /season	3.11	3.73	3.52
T_{mHC}	Monthly Tariff for Thermal Capacity (Fixed Comp.)	€/m ² /month	0.38	0.67	0.57
T_{mHD}	Monthly Tariff for Supplied Amount of Thermal Energy (Var. Comp.)	€/m ² /month	0.52	0.62	0.59
T_{total}	Total of monthly tariff - unmetered	€/m²/month	0.90	1.29	1.15
$T_{F(\text{metered})}$	Fixed tariff for metered customers	€/kW	0.81	0.81	0.81
$T_{V(\text{metered})}$	Variable tariff for metered customers	€/MWh	54.50	54.50	54.50