



Pristina, 28 December 2023
ERO code: V_1815_2023

The Board of Energy Regulatory Office,

Based on:

- Provisions of Article 9, paragraph 1, sub-paragraph 1.7, Article 15, paragraph 1, point 1.2, Article 25 and Article 26, paragraph 1, sub-paragraph 1.2 of the Law on Energy Regulator (Law no. 05/L-084 Official Gazette of the Republic of Kosovo/no.25/ 14 July 2016, Pristina);
- Methodology on Determination of Maximum Fixed Premium, Maximum Strike Price and Maximum Feed-in Tariff, in particular the provisions of Articles 7 and 8;
- Request of the Chair of the Solar Auction Working Group, within the Ministry of Economy;

in the session held on 28 December 2023 issued the following:

DECISION

- I. APPROVAL**—of the Maximum Strike Price for the solar auction of 100 MW, in the amount of 75€/MWh.
- II. APPROVAL** —the bids submitted above the Maximum Strike Price for the solar auction will not be accepted or shall be disqualified from the Committee established by the Ministry of Economy whereas the lower bids shall be considered as economically more favourable, therefore will not be excluded from the bidding process.

Reasoning

- The Energy Regulatory Office, based on the request of the Ministry of Economy on evaluating the maximum price for the solar auction of 100 MW, prepared the Consultation Report – Evaluation of Maximum Feed-in Tariff and Maximum Strike Price for the solar auction 100 MW, published on 13 December 2023.
- ERO has published the Consultation Report for public consultation and invited customers, potential investors, civil society and other stakeholders to review the data and views of ERO provided in this report. However, during the public consultation process, ERO did not receive any comment from the stakeholders.



- According to the Ministry of Economy, the reference price did not provide sufficient incentives to ensure the required competition for the auction announced from the ministry. In this regard, the maximum strike price shall aim to set the price at a level that allows sufficient competition within the competitive bidding process, ensuring that the capacity aimed in the auction can be contracted at a reasonable price.
- The evaluation of the Maximum Strike Price for the solar auction 100 MW, announced by the Ministry of Economy, is based on the calculation of levelized cost of energy according to the Methodology on Determination of Maximum Fixed Premium, Maximum Strike Price and Maximum Feed-in Tariff, approved by the Regulator. Also, in the determination of the Maximum Strike Price, the Regulator has analysed the results of auctions in some European places.
- Based on the Methodology on Determination of Maximum Strike Price and the solar auction model, ERO has applied the calculation of the levelized cost of energy, in line with Articles 7 and 8 of the Methodology on Determination of Maximum Fixed Premium, Maximum Strike Price and Maximum Feed-in Tariff.
- The main entry parameters used in analysing the Maximum Price, based on the methodology of the levelized cost of energy (LCOE) are presented in the following table:

Table. Overall parameters considered in calculation of LCOE

Parameter	Considered values
Photovoltaic system capacity	100 MW
Lifespan of power purchase agreement	15 years
Production of electricity from PV system	1,276 kWh/kWp/year
Degradation of production from photovoltaic system	0.5 %/year
Depreciation rate (WACC)	7.69 %
CAPEX	659.7 – 779.1 €/kWp
OPEX Variable	2.05 €/MWh
OPEX Fixed	9,571 €/MW/year

- III.** The decision is issued in official languages of the Republic of Kosovo.
- IV.** The decision enters into force on the date of approval by the Board and 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

Arta Isufi, Member

Adnan Preniqi, Member

This decision is sent to:

- The Ministry of Economy,
- Chair of the Working Group of the Solar Auction,
- ERO Archive.