



Republika e Kosovës
Republika Kosova - Republic of Kosovo

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



Pristina, 05 July 2023
ERO CODE: V_1743_2023

Board of the Energy Regulator Office,

Based on:

- Provisions of Article 9 paragraph 1 subsection 1.7, Article 15, Article 25, Article 26 of the Law on the Energy Regulator (Law No. 05/L-084);
- Provisions of Article 28, Paragraph 1.24 and 1.25 of the Law on Electricity (No. 05/L – 085);
- Provisions of Article 14.2 of the Distribution System Operator License;
- The request of the Operator of the Distribution System (KEDS JSC.), dated 08.06.2023 for review and approval of the Plan of the Operator of the Distribution System for the Management and Reduction of Losses 2023,

in the session held on July 5, 2023, issued this:

DECISION

I. APPROVED - Distribution System Operator's Loss Management and Reduction Plan for 2023.

Justification

- The Office of the Energy Regulator (hereafter ERO) on 30.12.2022 has received from the Distribution System Operator (hereafter: OSSH), the request for approval of the Distribution System Operator's Plan for Management and Reduction of Losses 2023.
- The Distribution System Operator Plan for Loss Management and Reduction 2023 presents the annual plan to reduce the total losses of DSO in accordance with the loss reduction target and the loss curve allowed for the Third Regulatory Period by ERO, as well as the plans development and investment of DSO.
- The main purpose of the Distribution System Operator Plan for Loss Management and Reduction 2023 is to project the action plan for reducing losses through capital investments and optimization of operations, as well as the expectation of reducing losses throughout the year 2023.



- ERO dated 01.06.2023 has asked KEDS to send the harmonized version with the latest documents approved by ERO.
- He also requested that the document should contain the analysis of losses, including the assessment of technical losses and unauthorized consumption of electricity, as well as the development and implementation of measures to reduce them.
- KEDS, dated 08.06.2023, has sent the latest version of the Distribution System Operator's Plan for Loss Management and Reduction 2023.
- ERO dated 29.06.2023, after reviewing the Distribution System Operator's Plan for Loss Management and Reduction 2023, has asked KEDS to make changes according to the comments sent to DSO.
- KEDS dated 04.07.2023, has sent the answers to the comments of ERO, regarding the plan to reduce the losses of DSO for the year 2023.
- ERO, after evaluating the comments of KEDS, noticed that this document did not include all of ERO's comments.
- KEDS for the point 3 of the document where it is stated that: DSO for the year 2023 has set the target of total losses of 15.7%. To achieve the objective, DSO should focus on capital investments to reduce technical losses and optimize operations to combat and reduce non-technical losses.
- ERO has assessed that in the above point with decision V_1636_2022, it has approved the Loss Reduction Target and the Allowed Loss Curve for the Third Regulatory Period, where for 2023, the loss target for DSO is 15.1%. Therefore, the total loss target of 15.87% should be in full harmony with the loss reduction target for 2023.
- KEDS has responded to the point as above, that based on the real situation of DSO, investment plans and operational plans, the losses at the end of 2022 which were 16.79%, as well as other reasons that were sent during the public consultation of the 2023 plan/ 2027, for 2023, OSSH has calculated that at the end of the year the losses will be 15.9% and that the same calculation has been sent to the Annual Energy Balance approved by ERO. In the loss report for the year 2023, sent after the approval of the Investment Plan 2023-2027, OSSH, based on the realizations of the months of January-May 2023, without changing the values for June-December 2023, has calculated that the losses at the end of 2023 will to be 15.87%.



- ERO considers that the response of KEDS at this point is not accepted due to the fact that the Loss Reduction Plan must be in full harmony with the decision of ERO, regarding the goals and the curve of reduction of losses for DSO, therefore ERO remains with the position of expressed at the stage of the initial comment that the level of losses for 2023 should be 15.1%, therefore we propose that a table be placed in the basic document according to the ERO comment.
- As regards point 3.1, of the document, where it is stated that: "It should be noted, even though the planning of investment projects for the year 2023 foresees the reduction of technical losses by a significant percentage compared to the technical losses recorded in the year preliminary, due to delays in tendering processes and delays caused until the approval of the 2023-2027 investment plan, these expectations in the impact of reducing losses, only 25% of the value calculated in the 2023 Investment Plan was received";
- ERO has assessed that at this point in the document, the medium voltage and low voltage projects for the entire year 2023 are carried over projects that were tendered in 2021 and commissioning is expected to take place in 2023, therefore the benefits of 25% are not correct and through evaluation it was requested that this value be corrected in the document.
- KEDS responded to this ERO evaluation and the response was that "the benefit of losses from the projects begins after the end of the investments and the installation of the meters. Since there have been delays as described above, we have considered that during this year there may be an effect of 25% or $\frac{1}{4}$ of the effect of the full year"
- ERO has evaluated this response of KEDS and despite the potential delays of tendering, the response of KEDS is not considered accepted due to the fact that the organization of tendering processes must be done in time by KEDS and that the loss reduction plan must be in harmony with the decision of ERO, on the targets and the loss reduction curve for DSO. So, the annual level of losses for 2023 should be 15.1%. Therefore, it is proposed to place a table in the basic document according to the assessment of ERO.
- Regarding the responses of KEDS in relation to comments 3,4,5 of ERO, it has been estimated that KEDS has provided the necessary clarifications which have been accepted as such.
- While related to comment no. 6 of ERO where it is stated that "table 17 must be harmonized with the data in the table within the five-year plan 2023-2027, KEDS has responded to this comment as follows: "In table 17, five exits with the most losses have been set high in each district, for the year 2022 and this was the request of the ERO earlier, i.e. to place some of the outputs with the highest losses for 2022 without other specifications, while in table 7



(voltage projects of low) and table 9 (medium voltage projects) are set according to the investment plan for 2023.

- ERO has assessed that the answers in point 6 above were not sufficient and it was decided that in the basic document the tables should be harmonized with the data presented for the current state of the network described in the Investment Plan 2023-2027, not with the tables that present investment projects.
- ERO, after evaluating the document, has presented the necessary proposals and changes regarding this document, where after including the comments and proposals of the parties, it has assessed that the document should be harmonized with the requirements as above, and KEDS is obliged to include the requested changes in document and submit it to ERO.
- The Board of ERO, after consideration based on the legal provisions mentioned in the introduction of this decision, has decided as in the enacting clause of this decision.

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

III. The decision enters into force on the date of approval by the Board, and will be published on the official website of ERO.

Legal remedy: Unsatisfied party with this Decision may initiate an administrative dispute in the Competent Court within thirty (30) days from the date of acceptance of the Decision or the date of its publication on the ERO website, whichever occurs later.

The decision has the following document attached:

- Distribution System Operator Plan for Loss Management and Reduction 2023

Board of ERP,

Ymer Fejzullahu, chairperson

Lutfije Dervishi, member

Gani Buçaj, member

Decision is submitted to:



- KEDS JSC
- Archive of the Energy Regulator Office