



Pristina, 05 May 2026
ERO Code: V_ 3211 _2026

The Board of the Energy Regulatory Office,

Based on Article 9, paragraph 1, subparagraph 1.7; Article 15, paragraph 1, subparagraph 1.5; Article 25, Article 26 paragraph 1, subparagraph 1.2; Article 46, paragraph 1, subparagraph 1.1; Article 47, paragraph 3, subparagraph 3.3, and Article 48 of the Law on the Energy Regulator (Law No. 05/L-084); Provisions of Article 16 and Article 22 of the Law on Electricity (Law No. 05/L-085); Provisions of Article 23 and Article 24 of the Law on the Promotion of the Use of Renewable Energy Sources (Law No. 08/L-258), Legal Provisions of Rule No. 03/2017 on Determination of Revenues for the Transmission System and Market Operator (Rules on TSO/MO Revenues); Provisions of Rule No. 10/2017 on the Support Scheme for Generators of Renewable Energy Sources; Methodology No. 01/2020 on the Calculation of Reference Price for Energy produced from Renewable Sources, Provisions of Rule No. 01/2025 on the Support Mechanism for Renewable Energy, Decision V_3147_2026, dated on 22 April 2026, ERO's Notice on Annual adjustments of Revenues and Tariffs for TSO/MO, DSO and USS, No. 1118/25 dated on 12.12.2025; and the Application of the Transmission System and Market Operator – TSO/MO (KOSTT JSC), for the annual adjustments of the Maximum Allowed Revenues for the year 2026, submitted to ERO No. 097/26, dated on 29 January 2026,

in the session held on 5 May 2026, issued the following:

DECISION

- I. **APPROVAL of MAXIMUM ALLOWED REVENUES (hereinafter: MAR)** to be collected by the Transmission System and Market Operator (TSO/MO-KOSTT JSC), for the relevant tariff year 2026.
- II. The Maximum Allowed Revenues to be collected by the TSO/MO for the relevant tariff year 2026 including the Renewable Sources Fund are in total in the amount of €76,484,096.
- III. The Renewable Sources Fund based on the planned energy production from Renewable Energy Sources for the relevant tariff year 2026 is in the amount of €6,849,985.
- IV. The reference price of Renewable Energy Sources, which will be applied for the tariff year 2026, is €88.58/MWh.
- V. The Transmission System and Market Operator (TSO/MO) is hereby **OBLIGED**, in accordance with the Methodology on Determination of Transmission System, System Operation and Market Operation Tariffs as well as Transmission Connection Charging Methodology, to prepare and submit for approval to ERO the transmission, system operation and market operation tariffs based on the TSO/MO's MAR, as well as the tariffs for the Renewable Energy Sources (RES) Fund, according to this Decision.
- VI. This decision will be implemented by the Transmission System and Market Operator (TSO/MO-KOSTT) starting from 1 May 2026.



REASONING

- The Energy Regulatory Office (hereinafter: ERO) on 12 December 2025, initiated the process: Annual Adjustments of Tariffs and Revenues for Regulated Operators, including the Transmission System and Market Operator (TSO/MO) for the relevant tariff year 2026.
- ERO, according to the initiating document and public notice, has assessed that this process of Annual Adjustments for Revenues and Tariffs for the relevant tariff year 2026, aims to ensure that the Maximum Allowed Revenues (MAR) for regulated licensees are in line with and consistent with real costs and forecasts for the tariff period.
- ERO has announced that in accordance with the respective Rules on Revenues of the Licensees, the forecasts must be adjusted to take into account the differences between the forecast values and realized ones. Therefore, the adjustments are passed-through to the following year, namely the differences of year t-1 are passed-through to year “t” within the framework of the relevant tariff process. ERO has also emphasized that after collecting the relevant data from licensees, it will analyze and evaluate the applications of licensees to determine the real costs that are reflected in the relevant tariffs.
- ERO has emphasized that, in accordance with the Law on Electricity and the Law on the Energy Regulator, it has a mandate to determine the Maximum Allowed Revenues and tariffs for the Transmission System and Market Operator, the Distribution System Operator and the Universal Service Supplier, ensuring that tariffs reflect real and reasonable costs of the service.
- ERO, through the Notice, has emphasized that it will publish the applications as soon as they are assessed as complete and assures stakeholders that the final decisions will take into account the relevant data and their comments.
- During the process of reviewing the application for Maximum Allowed Revenues, ERO, through continuous correspondence, has requested from the TSO/MO JSC to provide additional information, updated data, arguments and supporting documentation regarding all identified issues in order to have transparency for making a fair and cost-reflective tariff decision.
- ERO, on 29 January 2026, received from the Transmission System and Market Operator – KOSTT JSC the application for annual adjustments of the Maximum Allowed Revenues for the relevant tariff year 2026, presenting the data realized for 2025 and the requests for 2026.
- KOSTT JSC. in its application, has presented justifications regarding operational and capital changes, including operational and maintenance costs, transmission loss costs, ancillary services costs, the ITC mechanism, the Renewable Energy Sources Fund, as well as requests for new investment projects.
- ERO, during the initial assessment and review of the application, has developed a detailed process of verification and validation of the data submitted by the TSO/MO, including additional clarifications, updates and necessary corrections, in order to ensure that the data used in the tariff calculations are complete, accurate and consolidated. ERO has also incorporated the adjusted Electricity Balance received from KOSTT, KEDS and KESCO, reflecting the latest developments in the electricity sector. The Transmission System and Market Operator (TSO/MO), and other stakeholders have had the opportunity to submit their comments through public consultation for a period of two weeks.



- ERO on 10 April 2026 published the Consultation report on Annual Adjustments of Maximum Allowed Revenues for TSO/MO for the relevant tariff year 2026, with the aim of ensuring procedural transparency and stakeholder involvement in the decision-making process. Through this report, ERO presented initial assessments regarding the components of the MAR, and invited stakeholders to submit their comments and reasoned objections.
- ERO, through the Consultation Report for TSO/MO, has clarified that regular adjustments are a key regulatory mechanism that enables the updating of revenues to reflect changes between the forecast and actual values of costs that are beyond the control of regulated enterprises, including inflation, energy purchase costs, energy volumes and other relevant factors.
- ERO, through the Consultation Report, has emphasized that, within the framework of the regular adjustment process, only cost components that change from year to year are reviewed, while the basic regulatory parameters determined within the framework of the Periodic Tariff Review 2023–2027 remain in force throughout the regulatory period.
- The Consultation Report addressed the indexation of the operating and capital costs of the TSO/MO, in accordance with the provisions of the Rule on Maximum Allowed Revenues for TSO/MO. In accordance with the regulatory methodology, the allowed operation and maintenance expenditures (OPEX), depreciation cost and allowed return are indexed to the inflation rate based on the Harmonized Index of Customer Prices (HICP) published by Eurostat for the Eurozone countries.
- ERO has assessed that the inflation rate for 2025 of 2.13% should be reflected in the relevant components of the allowed costs for 2026, in order to maintain the financial stability of the regulated operator and ensure the reflection of real costs in the relevant tariffs. In this regard, ERO has analyzed the application of the TSO/MO, including the requests for changes in the investment projects and the sources of financing for the capital projects. Therefore, ERO has assessed that the allowed costs for 2026 should be approved at the level of €8.106 million for OPEX, €14.381 million for depreciation and €11.236 million for the allowed return, considering that only the costs that are reasonable, justified and in accordance with the regulatory methodology should be reflected in the Maximum Allowed Revenues of the TSO/MO.
- The Consultation Report also addressed the costs of ancillary services for 2026, where ERO reviewed the request of the TSO/MO, regarding the costs of ancillary services for the relevant tariff year 2026, in function of the operator's legal and technical obligations to ensure the safe, stable and reliable operation of the Power System of the Republic of Kosovo. In this regard, ERO assessed the provisions of the Law on Electricity, the Grid Code, the Market Rules and the obligations arising from the KOSTT–ENTSO-E Connection Agreement regarding the provision of balancing reserves and ancillary services.
- KOSTT JSC. in its application has requested the approval of ancillary services costs in the amount of €45.00 million, mainly related to the provision of automatic and manual frequency reserves (aFRR and mFRR) for balancing the electricity system. During the review of the application, ERO has analyzed the costs incurred for 2025, operational data, existing contracts for the provision of reserves and preliminary information for the realizations during 2026.
- ERO, based on the regulatory analysis and the assessment of the data obtained, has considered that the level of costs proposed by the TSO/MO could not be recognized as a whole as reasonable and cost-effective. For this reason, ERO has proposed the recognition of the costs of ancillary



services in the amount of €39.64 million, assessing that this amount represents a reasonable level of costs necessary for the secure operation of the system, while protecting customers from the transfer of unreasonable costs in tariffs.

- The Consultation Report also addressed the costs of transmission losses for 2026, where it reviewed the forecast of transmission loss costs for the relevant tariff year 2026, based on the Electricity Balance, the level of allowed transmission losses and the forecast of energy prices to cover losses. During this process, ERO took into account updated data on the electricity system, including the availability of domestic generation capacities, imports and developments in regional energy markets.
- ERO has assessed that the level of allowed losses of 1.75% remains in force for 2026, while the differences between the proposals of the TSO/MO and ERO's estimates have resulted mainly from the update of the Electricity Balance and the methodology used to estimate the average energy price for loss coverage. In this regard, ERO has analyzed historical data of the ALPEX and HUPLEX markets, the realizations of 2025 and the projections for 2026.
- ERO, after analyzing the application and supporting documentation, has assessed that the average energy price for loss coverage should be set at €93.14/MWh, while the costs of transmission losses should be approved at €12.11 million, considering that only reasonable, verified costs and in accordance with real market conditions should be reflected in the regulated tariffs.
- ERO, through the revenue correction factor mechanism (KREVT), has reflected the differences between the allowed costs and the actual costs incurred during the previous year 2025 for cost components that are beyond the control of the licensee, including losses, ancillary services and the Renewable Energy Sources (RES) Fund. In this regard, ERO has concluded that these differences do not affect the total level of allowed revenues, but only their distribution between tariff components for the relevant tariff year 2026.
- ERO has estimated that due to the lower production achieved by Renewable Energy Sources during 2025 compared to the planned production, the real costs of the RES Fund have resulted lower, creating an underspend of €5,636,937. For this reason, this difference has been reflected in the tariff calculation for 2026, whereby the total cost of the RES Fund for the relevant tariff year 2026, in the amount of €6,849,985, has been adjusted for tariff purposes to the amount of €1,213,048, which constitutes the basis for calculating the RES Fund tariff for 2026.
- The Consultation Report also addressed the calculation of the reference price for electricity generated from Renewable Energy Sources (RES), in accordance with the Methodology for Calculating the Reference Price for Electricity Generated from Renewable Energy Sources. During the review of the application, it was found that the TSO/MO in the initial application had not adjusted the reference price and had used the 2025 value of €65.12/MWh. For this reason, ERO has requested the update of the reference price in accordance with the methodology in force and current market developments, whereby the reference price for 2026 has been estimated at the level of €88.58/MWh, considering that this level more realistically reflects market conditions and ensures fair implementation of support mechanisms for RES.
- The Consultation Report also addressed the correction factor for the realized year 2025, where ERO, in accordance with the Rule on Maximum Allowed Revenues for TSO/MO, carried out an assessment of the revenue correction factors for the realized year 2025, based on the differences between the current allowed costs and the real revenues realized by the TSO/MO. During this



process, ERO reviewed the operating costs, loss costs, non-tariff revenues and other relevant components reported by the TSO/MO, applying the principles of efficiency, reasonableness and recognition of costs. As a result of the regulatory assessment and the recognition of only verified and justified costs, ERO has determined the revenue adjustment factor (KREVT) which has resulted in negative revenues in the amount of -2.527 million €, which is passed-through to the determination of the Maximum Allowed Revenues for the relevant tariff year 2026.

- ERO, through the Consultation Report, has also presented the proposal for the Maximum Allowed Revenues for the TSO/MO for the year 2026, where after reviewing the TSO/MO application, analyzing the financial, operational and technical data, addressing the comments of stakeholders and evaluating all relevant tariff components in accordance with the secondary legislation and regulatory methodologies in force, ERO has assessed in the Consultation report that the Maximum Allowed Revenues for the Transmission System and Market Operator for the relevant tariff year 2026 are proposed to be approved in the amount of €75.858 million, including the Renewable Energy Sources Fund. ERO considers that this level of revenues ensures the coverage of reasonable and necessary costs for the safe, stable and efficient operation of the electricity system, while protecting the interests of customers and guaranteeing fair implementation of the principles of economic regulation.
- During the public consultation process for the Consultation report on the Annual Adjustments of Maximum Allowed Revenues for the relevant tariff year 2026, ERO received comments and recommendations from the Civil Society Organization INDEP, as well as from the licensees KOSTT, KEDS, KESCO, KEK and Elektrosever. The comments submitted addressed issues related to the tariff adjustment process, operational and capital costs, loss costs, ancillary services costs, the Renewable Energy Fund, import costs, revenue correction factors and other relevant components of the Maximum Allowed Revenues. ERO has reviewed all comments and evidence submitted during the consultation process and has assessed each claim in accordance with the provisions of the applicable legislation, tariff methodologies and principles of economic regulation.
- ERO, after reviewing the comments received and analyzing the adjusted data submitted by the licensees, has prepared the Final Report on the Annual Adjustments of the Maximum Allowed Revenues for the tariff year 2026. This Report reflects the necessary changes and updates based on the real realizations for the first three months of 2026, the updates of the Electricity Balance, as well as the final assessments of ERO, regarding the relevant tariff components. ERO has emphasized that the Final Report has been prepared in order to guarantee a transparent, objective and cost-reflective process of determining the Maximum Allowed Revenues for regulated operators.
- ERO in the Final Report has assessed that for the TSO/MO, the differences between the Consultation Report and the final estimates are mainly related to the updating of energy purchase costs for losses and ancillary services costs, based on actual realizations for the months of January-March 2026 and the latest operational data submitted by KOSTT. As a result of this assessment, ERO has proposed that the Maximum Allowed Revenues for the TSO/MO for 2026 be approved in the amount of €76.484 million, a value €0.625 million higher than the proposal in the Consultation Report.
- ERO in the Final Report has reflected the actual costs incurred for the month of March 2026 and has adjusted the forecasts for the remainder of the tariff year, whereby the allowed cost for transmission losses has been reduced from €12.112 million in the Consultation report to €12.068



million in the Final Report. ERO has assessed that this update more accurately reflects current market developments and the actual data available during the tariff assessment process.

- ERO in the Final Report has assessed the comments and adjusted data submitted by KOSTT regarding the realizations for the period January-March 2026, based on the monthly operational reports and contracts for the provision of balancing reserves. After analyzing the real costs and forecasts for the following months of 2026, ERO has proposed to increase the allowed costs of ancillary services from €39.64 million in the Consultation report to €40.309 million in the Final Report, considering that this value represents a reasonable and justified level of costs necessary for the safe and stable operation of the electricity system.
- ERO, while reviewing INDEP's comments regarding the costs of ancillary services, procurement transparency and transmission loss costs, assessed that the methodology applied for determining the allowed costs was based on the latest available real data, current market prices and the principles of prudent and cost-reflective regulation. ERO also emphasized that the TSO/MO continuously submits relevant documentation and evidence for the procurement of ancillary services and that the costs received in the tariffs are subject to regulatory verification and validation. Regarding INDEP's comments on the Renewable Energy Fund, ERO noted that during the tariff review process it adjusted the reference price for 2026 in accordance with the applicable methodology and current market developments, whereby the reference price was set at €88.58/MWh. As a result of this update, the cost of the RES Fund has been reduced from €18.68 million proposed by KOSTT to €6.85 million, avoiding the transfer of unjustified costs to final customers.
- Therefore, the Maximum Allowed Revenues to be collected by the TSO/MO including the Renewable Sources Fund for the relevant tariff year 2026 are in total amount of €76,484,096, as set out in the enacting clause of this Decision.
- Also, based on the analysis and assessment of the data submitted by the TSO/MO, the applicable regulatory methodology, the comments of stakeholders and the assessments included in the Final Report for the TSO/MO, ERO has concluded that the costs of the Renewable Energy Fund and the reference price for the relevant tariff year 2026 should be approved as reflected in the enacting clause of this decision.
- It is worth noting that the Maximum Allowed Revenues for the TSO/MO will be subject to the process of Regular Annual Adjustments, according to Rule No. 03/2017 on TSO/MO Revenues, issued by ERO.
- The ERO Board, after evaluating and analyzing the relevant reports and after reviewing the comments received from the parties, and based on the legal provisions mentioned in the introductory section to this decision, has decided as in the enacting clause of this decision.

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

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

Legal advice: The party dissatisfied with this decision may initiate an administrative dispute with the competent Court, within thirty (30) days, from the date of receipt of the decision or the date of its publication on the ERO website, whichever is the latest.



ERO Board:

Ymer Fejzullahu, Chairman

Lutfije Dervishi , member

Gani Buçaj, member

Arta Isufi, member

Adnan Preniqi, member

The decision is sent to:

- KOSTT,
- KEDS, and KESCO
- ERO Archive.