



Pristina, 05 May 2026
ERO Code: V_3213_2026

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 1.2; Article 47 and Article 48 of the Law on the Energy Regulator (Law No. 05/L-084); Provisions of Article 16 of the Law on Electricity (Law No. 05/L-085); Provisions of Rule No. 15/2017 on Determination of Revenues for the Universal Service Supplier (Rules on Determination of USS Revenues); Provisions of Rule No. 03/2017 on Determination of Maximum Allowed Revenues of the Transmission System and Market Operator (Rules on the TSO/MO Revenues); Provisions of Rule No. 05/2017 on Determination of Maximum Allowed Revenues of the Distribution System Operator (Rules on Determination of DSO Revenues); ERO's Notice No. 1118/25, dated on 12.12.2025 on Annual Updates of Revenues and Tariffs for TSO/MO, DSO and USS; Decision No. V_3211_2026 on the Maximum Allowed Revenues for the Transmission System and Market Operator TSO/MO; Decision No. V_3212_2026 on the Maximum Allowed Revenues for the Distribution System Operator - DSO, the Debt Rescheduling Agreement concluded between KEK JSC. and KESCO JSC, and the Application of the Universal Service Supplier (USS/KESCO JSC) for the Maximum Allowed Revenues for the Universal Service Supplier of electricity, submitted to ERO No. 085/26, dated 28 January 2026,

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

DECISION

- I. APPROVAL OF THE MAXIMUM ALLOWED REVENUES (hereinafter referred to as MAR)** for the Universal Service Supplier (USS) for the relevant tariff year 2026.
- II.** The Maximum Allowed Revenues of the Universal Service Supplier for 2026 will be in the amount of €442,228,632.
- III.** The Universal Service Supplier (USS) is **OBLIGED** to prepare and submit to ERO for approval the proposal for regulated retail tariffs in accordance with this Decision.
- IV.** The costs and financial obligations resulting from the Debt Rescheduling Agreement between KEK JSC. and the Universal Service Supplier (USS/KESCO JSC.), for the invoices for the period January - March 2026 (no. 1008904, 1009081, and 1009284), and other costs related to the debt rescheduling presented in the annex to the agreement, an integral part of this agreement, will be recognized as reasonable costs by ERO in the next tariff review.
- V.** This decision will be implemented by the Universal Service Supplier (USS) starting from 1 May 2026.

REASONING



- The Energy Regulatory Office (hereinafter: ERO) on 20 December 2025 initiated the process: Annual Adjustments of Revenues and Tariffs for Regulated Operators including the Universal Service Supplier (USS).
- ERO, according to the initiating document and public notice, has assessed that this process of adjustments of annual 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 Rules on Licensees' Revenues, the forecasts must be updated to take into account the differences between the forecast and realized values. Therefore, the adjustments are passed-through to the following year, or the differences of year t-1 are carried over to year "t" within the framework of the relevant tariff process. It 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 through the notice has emphasized that, as stipulated in the Law on Electricity and the Law on the Energy Regulator, ERO has the 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. The retail electricity tariffs for the Universal Service Supplier are determined only for customers who enjoy the right to universal service. ERO, in accordance with the decision of the Supreme Court and the implementation of the Law on Electricity in the spirit of Directive 2009/72/EC, also interpreted by the Supreme Court through the Judgment, emphasizes that customers who enjoy the right to universal service are customers who cumulatively meet both universal service criteria, which includes all household customers and, when deemed appropriate, small enterprises (enterprises with fewer than 50 employees and an annual turnover not exceeding EUR 10 million).
- ERO has requested that the USS, in the context of the preparation of tariff applications and accompanying documents, is obliged to take into account this assessment of ERO, together with the binding interpretation of the Supreme Court, as a basis for the correct and full implementation of the cumulative criteria for universal service. Following this assessment, the USS is requested to reflect this interpretation of the Supreme Court in future tariff applications, in accordance with legal requirements and with the standards for the implementation of universal service.
- ERO, through the notice, also 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, within the framework of the application review process and further clarifications, ERO, through continuous correspondence, has requested from USS to provide information, update 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 28 January 2026, received the application from the Universal Service Supplier (USS), for annual updates of the Maximum Allowed Revenues for the relevant tariff year 2026, presenting the data realized for 2025 and the requests for 2026.
- USS in its application for Maximum Allowed Revenues for the tariff year 2026, has proposed that the Maximum Allowed Revenues for the relevant tariff year 2026 be in the amount of €528.779 million. As part of the application, USS has presented estimates regarding allowed retail costs, wholesale energy purchase costs, passed-through costs by TSO/MO and DSO, costs of the Renewable Energy Sources (RES) fund, retail margin, bad debt allowance, working capital and Revenue Adjustment Factor (RAF) , arguing that these costs are necessary to ensure a stable and uninterrupted supply of electricity to customers entitled to universal service.
- ERO, during the review of the USS application, has developed a detailed process of verification and validation of the data submitted by the licensee, including the analysis of the updated Electricity Balance, developments in the availability of local generating capacities, the impact of the rehabilitation of the units of TPP Kosova A and TPP Kosova B, the costs of electricity import and the impact of the liberalization of the electricity market on the structure of customers supplied by USS.
- ERO has assessed that the determination of the Maximum Allowed Revenues for the Universal Service Supplier should reflect only the real, reasonable and justifiable costs associated with the supply of customers who are entitled to universal service. ERO has emphasized that electricity tariffs for the Universal Service Supplier are determined only for customers who meet the legal criteria for universal service, in accordance with the Law on Electricity, the Law on the Energy Regulator and the binding interpretation of the Supreme Court regarding the cumulative criterion of customers who are entitled to universal supply.
- ERO on 10 April 2026 published the Consultation Report on the Annual Adjustments of the Maximum Allowed Revenues for the Universal Service Supplier for the relevant tariff year 2026, in which ERO's initial proposals were presented, regarding the components of the costs of the Universal Service Supplier, which affect the determination of the Maximum Allowed Revenues. The Consultation Report addressed the retail allowed costs including operating and maintenance costs, corporate costs, depreciation costs, retail margin, working capital and other relevant components directly related to the supply of customers who are entitled to universal service.
- ERO, in terms of retail allowed costs, has estimated that they include costs associated with the supply of regulated customers, including operational and maintenance costs (OPEX), corporate costs, depreciation costs and other costs that are beyond the control of the Universal Service Supplier. ERO in the Consultation Report has proposed a retail cost allowance for 2026 in the amount of 8.354 million.
- ERO, during the review of the USS application, has analyzed the operating and maintenance costs, taking into account the approved input values for the USS within the regulatory period 2025–2027, the inflation indexation and the applicable efficiency factors according to the regulatory methodology in force. ERO has reduced the operating costs proposed by the USS from €10.29 million to €8.19 million, reflecting the assessment of the efficiency and reasonableness of the



operating costs. In addition, the depreciation costs for the year 2026 have been estimated at €0.137 million, indexed to the inflation rate of 2.13%, while the additional investment requests of the USS have not been recognized in full for tariff purposes due to the lack of analysis of the impact of the deregulation process on these investments.

- The other components of retail costs, namely retail margin, bad debt allowance and working capital, have been calculated by ERO in accordance with the formulas and methodology set out in the Rule on Revenues of the Universal Service Supplier. ERO, in the Consultation Report has proposed retail margin in the amount of €4.4 million, bad debt allowance in the amount of €7.322 million and working capital allowances in the amount of €2.685 million, reflecting only the real, reasonable and justifiable costs of operating the Universal Service Supplier.
- ERO, regarding the passed-through costs of the USS, has assessed that these costs depend on the Maximum Allowed Revenues approved for other regulated operators and are then transferred to the calculation of the USS MAR , only for the part of customers who enjoy the right to universal supply. In this regard, the passed-through costs for the TSO/MO are proposed in the amount of €32.36 million, the passed-through costs of the DSO in the amount of €157.47 million, while the costs for the Renewable Energy Resources Fund in the amount of €8.08 million. ERO has assessed that these costs should reflect only the values approved within the framework of the relevant tariff decisions for the regulated operators and the volumes of energy supplied to the regulated customers by the USS.
- When assessing the costs of purchasing wholesale energy, ERO has taken into account the updated Electricity Balance, developments in domestic production, the planned rehabilitation of the Kosovo A and Kosovo B power plants during 2026, as well as the impact of these developments on the increase in electricity imports. ERO has concluded that during 2026 there is an expected need for higher quantities of imported energy, as a result of the reduction in the availability of domestic production during periods of capital overhauls of KEK generation units.
- ERO through the Consultation Report has proposed that the cost of purchasing wholesale energy for the Universal Service Supplier for the year 2026 be approved in the amount of €177.80 million, compared to €229.04 million proposed in the USS application. ERO has assessed that the proposed prices for energy imports and volumes of imported energy should be based on prudent and reasonable market projections, reflecting current trends in regional exchanges and expected developments in the electricity market during 2026.
- ERO through the Consultation Report has also assessed that changes in wholesale energy purchase costs directly affect other components of the USS MAR , including the retail margin, bad debt allowances and working capital, which are related to the level of electricity supply costs. ERO has concluded that only real, reasonable and justifiable supply costs should be reflected in regulated tariffs for customers who enjoy the right to universal supply.
- ERO, when assessing the revenue adjustment factors, has found that the increase in supply costs during 2025 has mainly resulted from increased consumption and imports of electricity for the USS, as well as from lower domestic production from Renewable Energy Sources compared to initial forecasts. ERO has estimated that consumption for 2025 was 351 GWh higher than the



allowed level, imports for the Universal Supply System were 270 GWh higher than the allowed level, while production from RES was 88 GWh lower than the forecast level. ERO has also found that the increase in electricity prices and cross-border capacity costs have directly impacted the increase in real costs of universal supply during 2025.

- ERO, through the Consultation Report, has proposed that the revenue adjustment factor for the Universal Service Supplier for 2026 be approved at €48.30 million, compared to €49.69 million proposed by the USS in its application. ERO has assessed that this correction reflects only the real, reasonable and justifiable costs of universal supply and is necessary to ensure consistency between the allowed revenues and the real costs incurred during 2025.
- ERO has also addressed the development of the deregulation process of customers who are not qualified for Universal Service Supply, analyzing the impact of the liberalization of the electricity market on the structure of customers supplied by the USS and on the overall costs of universal supply. In this regard, ERO has assessed that from 1 June 2025, customers who do not meet the cumulative criteria set out in the Law on Electricity no longer enjoy the right to universal supply and must be supplied in the open electricity market.
- ERO has concluded that the market liberalization process has had an impact on the reduction of electricity consumption supplied by the USS and on the change in the profile of customers remaining in universal supply. ERO has assessed that the costs of universal supply for 2026 should reflect only the costs associated with customers who enjoy the right to universal supply, in accordance with the provisions of the Law on Electricity and the interpretation of the Supreme Court regarding the cumulative criterion for universal supply.
- ERO has analyzed the effect of customer deregulation and its impact on the volumes of electricity supplied by the USS, finding that a total of 9,535 metering points operate in the free electricity market with a total consumption of 1,119.07 GWh during 2025, of which 95.00 GWh belong to customers connected at the transmission level and 1,024.34 GWh to customers in the distribution network. ERO has assessed that these developments directly affect the profile of electricity purchases by the USS and the calculation of universal supply costs for 2026.
- ERO, through the Consultation Report, has assessed that, despite the extension of the deadline for the removal of non-universal customers from regulated supply until 1 May 2026, this extension does not prevent eligible customers from exercising their right to supply in the open electricity market from 01 April 2026, in accordance with the procedures and deadlines set out in the legislation in force and market rules. ERO has concluded that the expectations for the transition of around 118 businesses to the free market during 2026 remain valid and have been taken into account in the calculation of supply profiles and electricity quantities for USS, while their realization will depend on further developments in the liberalization process and final regulatory decisions.
- ERO, through the Consultation Report, has also addressed the mechanism of profiling the costs of electricity supply for 2026, proposing to defer part of the costs of purchasing energy from KEK to future tariff years. ERO has estimated that around €34 million of electricity purchasing costs have been profiled for recovery in subsequent tariff years, in order to mitigate the immediate



tariff impact on customers during 2026. ERO has emphasized that this treatment has contributed to the reduction of the MAR level for 2026, without representing a real reduction in costs, while the deferred costs will be addressed in the context of future tariff reviews in accordance with the regulatory framework in force.

- ERO through the Consultation Report has assessed that, after reviewing the application of the Universal Service Supplier, analyzing the updated Electricity Balance, the Consultation Report, the comments of stakeholders and the assessments included in the Final Report on the Annual Adjustments of the Maximum Allowed Revenues for the relevant tariff year 2026, ERO has assessed that the Maximum Allowed Revenues for the Universal Service Supplier should be approved in the amount of €442.226 million. ERO has concluded that this value reflects the real, reasonable and justifiable costs for the supply of customers who enjoy the right to universal supply, taking into account developments in the electricity market, the impact of market liberalization, the costs of electricity imports, the costs borne by regulated operators and the corrective mechanisms set out in the tariff methodologies in force.
- ERO, during the public consultation process for the Consultation Report on the Annual Adjustments of the Maximum Allowed Revenues for the Universal Service Supplier for the relevant tariff year 2026, has received comments and recommendations from the Civil Society Organization INDEP, as well as from the licensees KEDS, KESCO, KOSTT, KEK and Elektrosever. The comments submitted have addressed issues related to wholesale energy purchase costs, electricity import costs, electricity prices, supply cost profiling, revenue correction factors, pass-through costs and the impact of electricity market liberalization on universal supply. ERO has reviewed all comments and evidence submitted during the consultation process and has assessed each claim in accordance with the provisions of sectoral legislation, tariff methodologies and principles of economic regulation.
- ERO has analyzed the comments submitted by KESCO/USS on the costs of purchasing wholesale energy and the costs of imports, and has assessed the updated data for the realizations of March 2026, the updated Electricity Balance and developments in the regional electricity market, where in the Final Report it has updated the costs of purchasing wholesale energy from €177.801 million proposed in the Consultation Report to €176.310 million, reflecting the real realized costs and updated electricity prices for the remainder of 2026.
- Also, in relation to the comments submitted regarding the pass-through costs by regulated operators, ERO has assessed that these costs should be updated in accordance with the final decisions on the Maximum Allowed Revenues of the TSO/MO and the DSO for the tariff year 2026. In this regard, the Final Report reflects the pass-through costs for the TSO/MO in the amount of €31.644 million, the costs of the DSO in the amount of €158.473 million and the costs of the Renewable Energy Sources Fund in the amount of €8.724 million.
- ERO, in relation to the comments submitted by stakeholders on the profiling of supply costs and their impact on electricity tariffs for 2026, has analyzed the financial effects of the increase in electricity imports, the planned rehabilitation of the Kosovo A and Kosovo B generating units, as well as the impact of these developments on universal supply costs, and has assessed that the application of the profiling mechanism on a share of supply costs is necessary to mitigate the



immediate tariff impact on final customers during 2026, while simultaneously maintaining the financial stability of the Universal Service Supplier and the security of electricity supply.

- ERO finds that KEK JSC. and the Universal Service Supplier (USS/KESCO JSC.) have reached a Debt Rescheduling Agreement regarding the invoices for the period January - March 2026, namely invoices no. 1008904, 1009081 and 1009284, in order to maintain tariff stability and avoid the immediate transfer of these costs to final customers during 2026. ERO has assessed that this agreement represents a legitimate mechanism for profiling supply costs and that the costs and financial obligations resulting from this agreement, including the principal, rescheduled interest and other costs presented in the annex to the agreement, an integral part thereof, will be treated as reasonable costs within the framework of the next tariff review, in accordance with financial realizations, legislation and regulatory methodologies in force.
- ERO, while reviewing INDEP's comments regarding the level of supply costs, the impact of imports and the process of liberalization of the electricity market, has assessed that the methodology applied for determining the allowed costs is based on the latest available real data, the updated Electricity Balance and current developments in the electricity market. ERO has also emphasized that the tariff calculations for 2026 reflect only the real, reasonable and justifiable costs of universal supply and have been made in order to protect customers and maintain the stability of the electricity system.
- ERO, after reviewing the Universal Service Supplier's application, the Consultation Report, the comments of stakeholders and the assessments included in the Final Report on Annual Adjustments of Maximum Allowed Revenues for the relevant tariff year 2026, has assessed that the Maximum Allowed Revenues for the Universal Service Supplier should be approved in the amount of €442,228,632 , considering that this amount ensures the coverage of real, reasonable costs for the supply of customers who enjoy the right to universal supply in the Republic of Kosovo.
- Therefore, the Maximum Allowed Revenues to be collected from the USS for 2026 will be in the amount of €442,228,632 , as set out in the provision of this Decision.
- The following have been updated in the Final Report: the wholesale energy purchase costs for March 2026, replacing the forecast values with the actual realized costs, the assumed import price for the remaining months of 2026 has been updated, with an increase of €2.65/MW, and the costs of purchases by KEK have been updated, reflecting the profiling mechanism, in which case the value has been changed from (-€33.93 million) in the Consultation Report to the value (€36.90 million).
- It is worth noting that the Maximum Allowed Revenues for the USS will be subject to the Regular Annual Adjustment Process, according to Rule No. 15/2017 on USS Revenues, issued by ERO.
- USS/KESCO shall make proposals for regulated retail tariffs in accordance with Rule No. 15/2017 on the Determination of Revenues for the Universal Service Supplier (Rule on USS Revenues).



- 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 introduction to this decision, has decided as in the enacting clause to this decision.

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

VII. 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 occurs last.

ERO Board:

Ymer Fejzullahu, chairman

Lutfije Dervishi, member

Gani Buçaj, member

Arta Isufi, member

Adnan Preniqi, member

The decision is sent to:

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